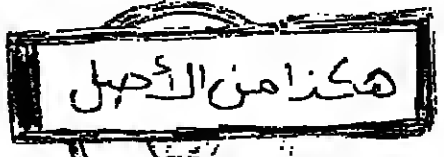


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WORLD NEWS

S Africa to end Unita military aid

South Africa said that it will end military assistance to the Unita movement in Angola as part of the peace pact signed with the United Nations, while retaining on "sympathetic" terms with the rebel organisation.

Foreign Minister P.W. Botha said in New York that continuation of the aid would be "a clear cut violation" of the agreement. Page 22

The European Commission is to support the international accord on south-western Africa with a Ecu60m (E38m) programme in Angola to re-settle and develop the rural infrastructure and create jobs. Page 3

Soviet economy worsens
Conditions for Soviet consumers deteriorated drastically during the first 11 months of this year, according to an assessment of the economy published in the newspaper Sovetskaya Rossiya. Page 2

Nuclear building halted
Soviet authorities have stopped construction of six nuclear power stations following public alarm over safety after the Chernobyl nuclear disaster, heightened by the earthquake in Armenia. Page 2

Diplomat killed
Turkish police found the body of the second secretary of the Portuguese embassy in Ankara, at Tarsus, 270 miles to the south. He had been stabbed 18 times. Page 2

Spain to free general
Spain is to free Gen Alfonso Armada, 68, who is serving a 30-year sentence for his part in the 1981 military coup attempt. He has had treatment for heart trouble. Page 2

South Korean amnesty
South Korea will free 1,420 convicts and juvenile delinquents today in a Christmas amnesty. Page 2

Basque attack
Suspected separatist Basque guerrillas killed a bar owner and attacked a Civil Guard barracks with grenades at Zarautz in Spain's Basque region. Page 2

Bess Myerson acquitted
Bess Myerson, a former Miss America and New York City official, and a friend of Mayor Ed Koch, was acquitted of charges of bribing a judge to arrange her lover's divorce case. Page 2

Pollution plan rejected
The Government has rejected a recommendation from the Commons environment committee that Britain should join the "Thirty Per Cent Club" of nations which is committed to drastically reducing pollution from power station emissions by 1993. Page 5

YTS vacancies
There were 129,000 places unfilled on the Government's Youth Training Scheme at the end of November. Page 5

Post Office record
The Post Office has handled a record 1.5bn letters and cards in this year's Christmas rush, and parcel traffic reached a record 60m items. Page 5

Drink-driving down
The number of positive breath tests in the four days to 6am yesterday was 20 per cent down on the corresponding four days last year, at 1,329. Page 5

Mince pies blown up
Bomb disposal experts at Oxford blew up two suspicious packages - one contained a box of mince pies, the other rubbish. At Lincoln, three parcels were blown up that contained presents from a local company for council officers that they would not have been allowed to accept. Page 5

The Financial Times will not be published on Monday or Tuesday next week. We wish all our readers, advertisers and distributors a very happy Christmas. Page 5

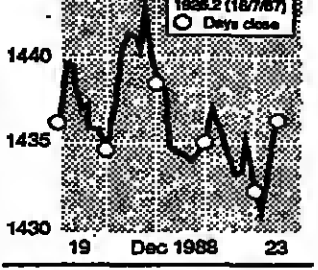
BUSINESS SUMMARY

Building society loans down

BUILDING SOCIETY mortgage lending slowed last month and savings were lower. New mortgage advances totalled £3.4bn, down from £3.5bn in each of the two preceding months. Page 4

FT ORDINARY Index showed little movement throughout the week, closing at 1,436.2. Page 4

FT Index
Ordinary share
(hourly movements)



a rise of 3.8 on the day. Over the week it rose 0.2. London Stock Exchange, Page 15

THE CABLE Authority, regulatory body, awarded the cable television franchise for the London boroughs of Berling & Dagenham, Berley, and Redbridge to East London Telecommunications. Page 4

FRENCH Government replaced Francois de Witvoet as chairman of state-owned nuclear fuels group Cogema with civil servant Jean Syrota. Page 10

JAPAN: Leading shipping groups Japan Line and Yamashita-Shimminoh Steamship are to merge by next June. It is the largest Japanese shipping merger since a government-led reorganisation in 1964. Page 10

TOKYO Stock Exchange president Minoru Nagaoka said the exchange was prepared to think about admitting more foreign members. Page 10

SIR IAN MACGREGOR, former chairman of British Coal and British Steel, resigned from the chairmanship of North Sea Assets, the restructured investment holding company. Page 4

UK MOTOR industry trade deficit climbed to a record £4.58bn in the first nine months of the year. Page 4

POLISH Parliament approved two economic reform bills. One simplifies conditions for setting up businesses and the other liberalises the law controlling joint ventures with foreign companies. Page 2

US is proposing to cut some developing-nations concessions to Thailand because it has refused to curb violations of US computer software copyrights and pharmaceutical patents. Page 2

CULLENS, convenience food stores chain, announced reduced losses in the six months to August 28. Before exceptional losses the trading deficit was £1.1m, down from £1.5m, on sales of £10m (£11.5m). Page 8; Lex, Page 22

CSX, US railroad business and shipping company, is selling its natural gas pipelines for \$648m (£358m) to Transco Energy of Houston. Page 10

TEKTRON, US conglomerate, posted its formal offer document for Avdel, UK fasteners group, in which it claimed control of 43.1 per cent of voting rights. Henry Ansbacher, advisers to US-based Banner Industries in its bid for Avdel, was rebuffed by the Takeover Panel for delaying an announcement of market purchases above the offer price. Page 9

CORRECTION
QUADREX Holdings: The Business Summary report on Thursday of the Quadrex litigation with British & Commonwealth Holdings should not have described Quadrex Holdings as a New York securities company. It is a Delaware holding company. Page 5

Row growing over Pan Am terror threat warnings

A ROW was developing last night about the warnings given of possible terrorist action against a Pan American airliner in Europe ahead of Britain's worst air disaster on Wednesday night.

In Washington, President Ronald Reagan defended the US policy of not informing the public about terrorist threats against commercial airliners.

In London, Heathrow Airport, the BAA company which runs the airport, said it had not been warned of possible sabotage by any authority.

Investigate why US warnings were not passed on to the general public.

Reports by Lionel Barber in Washington, James Saxon in Edinburgh, and Michael Donne and Tom Lynch in London

UK trade and current account deficits fall

BRITAIN'S trade and current account deficits narrowed sharply last month, but the November current account gap of £1.6bn was still the third highest on record and official figures gave little sign of any underlying improvement.

The Department of Trade and Industry reported that Britain's current account deficit fell to an estimated, seasonally adjusted £1.6bn in November from a record £2.5bn the previous month.

current account shortfall for the first 11 months of this year at £13.36bn - nearly £400m more than the Treasury's Autumn Statement forecast of a £13bn deficit for all 1988 and five times last year's £2.7bn current account deficit.

French win rail project in Spain

THE SPANISH Government last night awarded a multi-million-pound contract for a high-speed train system to Alstom of France.

control of most of Spain's railway industry - two state-owned companies MTM and Ateinsa, and the railway division of the private sector group, Maccsa.

Plessey criticises 'low' bid

PLESSEY, the UK electronics group which is fighting off a joint £1.7bn bid from General Electric Company of Britain and Siemens of West Germany, accused the bidding consortium last night of trying to buy the company "on the cheap."

price the bid failed to recognise Plessey's potential, which has been enhanced by its recent strategy of acquisitions and joint ventures.

separate transactions by both Siemens and GEC which have scotched suggestions that they might be intending to use the proposed acquisition of Plessey as the first step towards a full-blown merger.

O troubled town of Bethlehem

"O come, all ye faithful, joyful and triumphant, O come ye, O come ye, to Bethlehem!"

throughout the day on Christmas Eve. When Michael Sabab, the Latin Patriarch - the first Palestinian to hold the ancient office - moves in solemn procession through the streets, his own congregation will be absent.

Table with 2 columns: Market Name and Price/Change. Includes Sterling, Dollar, Stock Indices, and Rates.

Table with 2 columns: Market Name and Price/Change. Includes London, FT-A All Share, FT World Averages, and Gold.

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Weekend FT



CHRISTMAS UNIVERSAL

Man has always celebrated a mid-winter ritual. J. Cashford looks at a long tradition. Page 1

How To Spend It

Lucia van der Post and friends choose some last-minute Christmas presents. Page VIII-IX

Diversions

Anthony Sattin takes a short walk in the Holy Land. Page VII

Finance

Heather Farmbrough on the diluted spirit of Christmas in the City. Page III

Arts

Anthony Thornecroft looks back on the year in the salerooms. Page XIII

Travel

A visit to the US national parks and skiing in Val d'Isere. Page XI

Television

Your cut-out-and-keep guide to Christmas viewing. Page XVII

WISHING YOU A MERRY CHRISTMAS
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Table of Contents listing various sections and their page numbers, including Commercial implications of an ageing population, Mean in the News, and The Business World.

OVERSEAS NEWS

Ghost of Brussels Christmas yet to come haunts Little Maggie

By Our Brussels Staff

IT WAS Christmas Eve at the Berlaymont Lyceé. Maggie and the other 11 children in her class had, by and large, worked jolly hard all year on the economic models that Santa gave them last year.

Now, the way they worked was very grown up. They elected a class president, who changed every six months, so that everyone got a turn to sit in the big armchair. Helmut, the biggest boy in the class, sat in it for the first half of the year. He had used his weight very successfully, first to end the squabble they had for many years over the cost of school food, and then to get the class to construct a whole series of new things, including a new network for lorries to run all over the classroom floor, mutual recognition of

their kindergarten diplomas, and even a future arrangement to swap play money freely with each other.

Andreas had been supposed to sit in the big chair for all of the second half of the year. In fact, he had been out of class much of the time, first with illness and then because he'd found a little girl with whom he preferred to play at home. But Andreas had hit on the clever wheeze of sending in his place someone (a girl called Vasso) with the same surname, so no one really noticed, and his replacement proved very effective. Among the things she managed to get the class to wrap up in time for Christmas were much-needed new safety rules for playing in the classroom, and new health rules for the canteen.

So, there they were sitting at the foot of the Berlaymont Christmas tree, feeling quite pleased with themselves until Santa arrived. Maggie had been growing increasingly unhappy with this Santa, an oldish lordly man called Arthur. Originally she'd approved of him, particularly as he had such a nice English name. But last Christmas he'd given her a horrid present - a contraption called a Tax Harmoniser, and during the summer she'd thrown such a tantrum about Arthur staying on for another four years as Santa that the class agreed he should be replaced.

"Now", intoned Santa Arthur, "we've got to make this infernal - sorry I mean, internal - market irreversible." Pulling out a checklist

from under his red robe, he went on: "Generally, you've done pretty well, building 135 of the models I've given you over the past four years. But by my calculations you've still got 144 to go." Peering particularly at Maggie, he added: "And some of you will have to try harder to please future Santas."

Well, even before he said that, Maggie had been feeling a little queasy from overdosing on Godiva chocolates. So, she slipped out into the corridor on the 13th floor. She found a door and opened it. Had she seen the sign "Federalist Factory" above the door, she might have stepped more warily. Inside, to her surprise, was a pile of brightly coloured packages. Unable to contain her curiosity, she started to tear at the

wrapping.

From a box first marked "Happy Xmas 1988" emerged a modal of figures sitting around a table, half of them in pin-stripes and the other half in blue overalls. Hardly had the nasty suspicion of "worker participation" begun to form in her mind than she found herself ripping open another carton marked with a similar message for 1990. Inside was a pig, a monetary pig, in fact a pig marked "the European Federal Reserve Piggy Bank". She shook it in mounting fury. Something rattled. She pulled out the pig from the pig's underside, and a loose package thudded to the floor. Ignoring the warning not to open this until the 1991 festive season, she tore the tissue off to reveal a handful of chocolate coins,



every one of them an Ecu, and not a single pretend pound. She now thought she knew the worst, as she went on to disembowel the package for 1992. It was a simple board map showing where all 12 children lived. So simple, in fact, that it had only two words on it - Europe and, in only slightly smaller letters, Brussels.

Gorbachev's UK, Cuba visits 'not confirmed'

REPORTS from Moscow that President Mikhail Gorbachev of the Soviet Union will pay a visit to Britain and Cuba next month remained unconfirmed in London yesterday, writes Robert Mather, Our Diplomatic Correspondent.

A Soviet embassy spokesman said that no date for the visit, which was postponed this month because of the earthquake in Armenia, had yet been fixed. Mr Gorbachev intended to undertake such a visit but it was not certain that he would make it in January.

Diplomatic observers heeded the speculation about a January date was based on Mr Gorbachev's heavy schedule in the next two months. He would find difficult a trip to Britain and Cuba in February because he will be then at an important plenary meeting of the Communist Party Central Committee in Moscow.

Gandhi home from China

Mr Rajiv Gandhi, Indian Prime Minister, wound up his visit to China yesterday. Reuter reports from Peking. Having made the first visit to China by an Indian premier in 34 years, he said was laying the foundation for stable relations between the two countries. They set up a working group to meet on border issues.

US-Canada pact moves forward

The Canadian House of Commons is expected to pass today legislation to set up the US-Canada free trade agreement, one week before the accord is to go into effect, David Owen reports from Toronto. This would clear the way for the bill to go to the Upper Chamber or Senate, which has promised prompt assent.

Shevardnadze visits Pyongyang

Mr Eduard Shevardnadze, the Soviet Foreign Minister, met President Kim Il Sung of North Korea yesterday in Pyongyang, according to the official Korean Central News Agency. AP reports from Tokyo. He was on the last leg of an Asian tour.

Vietnamese gloom

Vietnam's parliament has ended its session with a dismal report on the economy and an apology by the prime minister for the government's lack of economic success, Reuter reports from Bangkok.

Hanoi Radio broadcast a speech by Mr Do Muoi, the Prime Minister, telling Vietnamese to tighten their belts. Mr Do criticized many government policies during the 10-day session and some called for the cabinet's admission of failures.

Seoul amnesty

South Korea will free 1,420 convicts and juvenile delinquents today in a Christmas amnesty, the Justice Minister said yesterday, Reuter reports from Seoul.

Bush family helps

A son and grandson of Mr George Bush, US President-elect, will travel to Armenia tomorrow to help distribute US aid to earthquake victims, Soviet officials said yesterday, agencies report from Moscow.

Indian gas injuries

Ahont 500 villagers were injured when toxic gas leaked on Wednesday night from a sulphuric acid factory in a jharkhuli village in the eastern Indian state of Bihar, officials said yesterday, K K Sharma reports from Delhi.

White Christmas

Spanish police said yesterday they have arrested a three-kilogramme Christmas nativity scene made entirely of high-quality cocaine and had detained four Colombians, Reuter reports from Madrid. One of the four brought the neatly-packed nativity, made up of the Holy Family surrounded by eight white sheep, on a flight from Bogotá and handed it to an accomplice at Madrid airport, police said.

Soviet consumer conditions 'in deep decline'

By Paul Winfrey in Moscow

CONDITIONS for Soviet consumers deteriorated drastically during the first 11 months of this year, according to a pessimistic assessment of the Soviet economy published in the newspaper *Sovetskaya Rossiya* yesterday.

The paper, which published an anti-perestroika manifesto in 1987, admits that basic commodities, such as meat and butter, are available only to holders of ration cards in nearly a third of the Russian federation, the largest of the Soviet Union's 15 republics which has a population of 143m.

The assessment, which says Soviet industry performed slightly better in the 11 months, appeared a week before all Soviet industry is to be put formally on a "self-financing" basis. It shows how daily living conditions have deteriorated in the first phase of the reform undertaken by the Soviet government.

While growth is up by 4.2 per cent in the first 11 months of this year, the article claims that the statistics hide the appalling state of the consumer industries. "The average statistical growth in the volume of production in consumer industries is simply misleading," it notes. "This involves no increase in goods, but only a pricing increase."

Even under the current liberalisation, the Soviet press has seldom been so damning of the economy's performance. The article noted that "the list of goods in short supply is growing. It is difficult to buy colour televisions and tape-recorders, and it is almost impossible to buy video-tape machines."

Business reform bills approved in Poland

THE POLISH Parliament yesterday approved two economic reform bills to encourage private enterprise and foreign business operations in Poland, Reuter reports from Warsaw.

The two laws, to take effect on January 1, are the first major measures to reach the statute books under an economic reform programme launched in autumn 1987.

The Law on Economic Activity simplifies conditions for setting up businesses. The Law on Foreign Investment liberalises an unsuccessful 1986 joint-ventures law that brought the creation of only 50 companies with foreign participation.

The economic activity law states that any business not legally prohibited may be freely undertaken - reversing the previous rule by which no business could be undertaken without official authorisation. The law drops licence requirements for all but a handful of strategic enterprises, such as drug and explosives manufac-

ture, and allows anyone to set up a business by simple registration.

It also lifts a 50-worker employment limit for the private sector, grants it legal equality with state concerns and guarantees private companies equal treatment by state-owned credit banks and suppliers.

The foreign investment law allows foreign companies to set up operations with an unlimited number of employees and a minimum - \$50,000 capital, of which foreigners may hold from 20 to 100 per cent.

It also lowers taxes for foreign businesses and grants a three to six-year tax haven to new foreign companies. It allows repatriation of profits and lowers the proportion of foreign currency earnings that must be sold to the state to 15 per cent.

However, a Foreign Investment Law will require that foreign companies, which may reject their applications without appeal.

Most Israelis favour talks with PLO, says poll

By Andrew Whitely in Jerusalem

ISRAELIS are well ahead of their government when it comes to talking to the Palestine Liberation Organisation, according to an opinion poll.

Mr Moshe Arens, the new Foreign Minister, said yesterday "Arab internationalism" was behind the crash on Wednesday of a Pan Am airliner in Scotland. He linked the disaster to the US decision to begin talks with the PLO, which he described as the "premier terror organisation."

However, a poll published yesterday by Israel's largest daily, *Yediot Achronot*, concluded that, after the recent

peaceable declarations in Geneva by Mr Yassir Arafat, the PLO chairman, most Israeli Jews now favour talking to the PLO, provided all terrorism was stopped.

That caveat, as far as Israelis are concerned, may be defined as any form of action against Jews or their supporters - an armed clash in southern Lebanon or a stone hurled at the car of a settler in the occupied territories.

Even so, the 54 to 44 per cent result of the poll was a dramatic change from previous ones, which showed fewer than 10 per cent of Israelis in favour

of dealing with their arch-enemy under any circumstances.

A year ago, any politician who dared to suggest in public that the Israeli Government ought to sit down with Mr Arafat would be committing electoral suicide. Now, such heavyweight figures as Mr Uri Bar-Am, the Labour Party's secretary-general, Mr Ezer Weizman, former Defence Minister, and Mr Mordechai Gur, another Labour minister and once army chief of staff, have been articulating just such sentiments, with no apparent adverse effects.

The new Israeli coalition

Government, like its predecessor, is heading in the opposite direction. Having pushed through legislation to make it an offence, punishable by jail, for any Israeli to talk knowingly to a PLO member, the government's policy guidelines forbid any suggestion that Israel might follow the US example and open a dialogue with its enemy.

Mr Shimon Peres, the Labour leader, has served notice on Mr Yitzhak Shamir, the Likud Prime Minister, that he intends to remain engaged in foreign affairs. Mr Peres, persuaded to

take the finance portfolio in the new coalition having held that of foreign affairs in the last one, yesterday met Mr Mohammed Bassiouny, Egyptian Ambassador to Tel Aviv, at the Treasury.

According to the state radio, Mr Peres passed a message to President Hosni Mubarak of Egypt that he was still involved in the Middle East peace process.

His action threatens to precipitate the first confrontation in the life of the national unity government, Mark II.

I.G. Farben loses fight for damages

I.G. FARBEIN, Hitler's former chemicals and munitions cartel, yesterday lost the final battle in its long struggle to recover assets confiscated after the Second World War, Reuter reports from Karlsruhe.

West Germany's highest court upheld an earlier decision rejecting the company's claim to damages of DM20m (\$6.3m) from Union Bank of Switzerland.

I.G. Farben had alleged the bank was unlawfully holding onto assets of Interhandel, I.G. Farben's former Swiss holding company.

The Supreme Court said it would uphold a ruling in March by a Frankfurt court that I.G. Farben had no right to damages from the bank because it had had no trust agreement with Interhandel and therefore had no legal basis for damage claims.

I.G. Farben had formed Interhandel in 1928 to hold its foreign assets, then broke off all contact with it in 1940 to protect Interhandel's status as an independent company.

In return for property of Interhandel's General Aniline and Film Corp that had been sequestered during the war, the US in 1963 paid Interhandel \$122m dollars in compensation. Union Bank of Switzerland later acquired the company.

I.G. Farben was fined to ward off price competition in 1925 by Germany's leading chemical companies, including Bayer, Hoechst and Badische Anilin-und Soda Fabrik, which later became BASF. It provided materials for the Nazi war effort.



Pope John Paul and Palestine Liberation Organisation chairman Yassir Arafat during the days of Christmas but I am sure that our people in Bethlehem and Jerusalem cannot celebrate Christmas because of the atrocities committed by the armed forces of Israel," he said.

He said the crash of a Pan American airliner over Scotland was an inhuman, criminal action directed "against our peace mission (and) against humanity as a whole."

Mr Arafat said afterwards: "I happen to be in Rome

Amazon forest workers' leader killed

By John Barham in São Paulo

MR Francisco Mendes Filho, leader of the Brazilian Amazon's itinerant rubber tappers, was assassinated at his home in the far western state of Acre on Thursday night by two gunmen.

Mr Mendes, 44, was the second such leader to be murdered in less than a month. On December 9, Mr João Carlos Batista, a state assemblyman and lawyer for large cattle ranches and became an effective opponent of the Brazilian

Government's economic development policies for Amazonia. In 1987, he was given a UN prize for his work in protecting the environment.

The Government has been criticised by the Catholic Church in Brazil and by international human rights organisations for doing little to stop the violence in the Amazon. About one peasant farmer is murdered each day in disputes over land ownership.

Amazon. Their deaths highlight the violence meted out by landowners with title deeds on squatters, rubber tappers and their supporters.

Mr Mendes began to receive death threats when he emerged as leader of the 30,000 rubber tappers' union seven years ago.

He opposed the burning of tracts of the Amazon forest to make way for large cattle ranches and became an effective opponent of the Brazilian

Spain's central bankers look on as Gonzalez retreats

Accommodating union demands threatens to lead to a slackening in fiscal and monetary policy, writes Peter Bruce

THERE is an air of amused resignation about Bank of Spain officials these days. Like all their compatriots, they have witnessed the unusual sight of Mr Felipe Gonzalez, the Prime Minister, humbling himself before parliament and promising to address trade union demands on social policy and jobs.

And they know it means only one thing: heavier government spending and borrowing.

The once die-hard monetarists of the central bank say they see it. Mr Gonzalez is following alternatives: "Either the Government becomes more expansive fiscally, or monetary policy softens, or he calls elections." And the Prime Minister has ruled out early elections.

expensive for their liking.

The Prime Minister was clearly shocked by the 34-hour strike on Wednesday that kept 8m people away from work.

Although Mr Gonzalez is still way ahead in the opinion polls, Spanish politics are for the moment being played outside parliament. Between his Socialist Government and the two unions that called the strike, the socialist UGT and the communist CCOO.

As a senior central bank official sees it, Mr Gonzalez has the following alternatives: "Either the Government becomes more expansive fiscally, or monetary policy softens, or he calls elections." And the Prime Minister has ruled out early elections.

The bank is already mightily displeased with the budget passed for next year, which is a nominal 14 per cent up on 1988. Even the Finance Ministry thought the 13 per cent rise in social spending over-generous.

The Government's 3 per cent inflation target for next year already looks unattainable and interest rates have been rising steadily again since the summer. Businessmen are paying up to 16 per cent for loans and the bank this week raised interest rates on a one-year Treasury notes half a point to 13 per cent.

Mr Jose Borrel, Secretary of State for Finance, says there is probably enough room to meet some of the union demands, however. Largely because of an

18 per cent increase in tax receipts this year, public sector debt in 1989 is likely to fall to just 2.7 per cent of gross domestic product, well below the European Community average, and the Government was unlikely to quibble about adding a few points, he said.

The problem for Mr Gonzalez is whether any of the concessions he has in mind will satisfy the unions.

Ideally, he would like at least to win back Mr Nicolas Redondo, the UGT leader, into the socialist fold. Mr Redondo broke ranks with the Government over employment policy and formed the UGT's first ever alliance with the communists to engineer the strike last week.

Few people in the unions or the Government believe separating the two will be easy, and calling an election until he has done so would be terribly risky.

The European parliamentary elections next spring will probably see a high protest vote against the Government, say analysts, at which point the Prims Minister may have to abandon even some of the Thatcherite principles that have pushed annual growth rates above 5 per cent in the past two years.

The election threat is that he might lose his absolute majority, especially if the Socialist Party's former union campaigns against it. That could give either the communists or the conservative populist CDS

of Mr Adolfo Suarez enough seats to join a coalition. An election has to be called by the summer of 1990.

Both Mr Redondo and the young CCOO leader, Mr Antonio Gutierrez, failed to turn up at Mr Gonzalez's office on Thursday for talks with him and the employers. By way of a first answer to his conciliatory speech on Wednesday it could not have been encouraging and the prospect of more labour unrest while some 2,000 separate private and public sector wage agreements are hammered out early next year, is real.

In spite of Spain's striking economic success over the past few years, many economists believe it would not take much to upset the apparent. "This is

a very dangerous moment for Spain," a senior cabinet minister said last week, "we are very fragile."

Anticipating the union refusal to attend the meeting on Thursday, the minister shrugged his shoulders. "Isn't this a magic country?" he said. "They say they want to talk about employment but they don't want to talk to the employers."

The Government, predictably, has agreed to meet Mr Redondo and Mr Gutierrez on their own terms - to talk to him alone first. Spanish are being treated to the peculiar spectacle of their longest-serving democratic leader in retreat. The unions have smelled blood for the first time in six years of Gonzalez rule.

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OVERSEAS NEWS

Algeria's Chadli wins third term in reduced poll

By Francis Ghiles

PRESIDENT Chadli Bendjedid was elected on Thursday to a third term of office by 81 per cent of Algerians who turned out to vote.

This compares with a figure of 95.4 per cent in the last presidential elections held in January 1984. According to the Ministry of the Interior, 89 per cent of Algeria's 12.7m registered voters turned out to vote compared with 98 per cent five years earlier.

The relatively high level of abstentions appears to reflect the wait-and-see attitude of many people who remain sceptical that promises of greater freedom of expression and an improvement in living standards would be forthcoming.

This scepticism is reinforced by the reining in of the press which, in the wake of riots last October and until two weeks ago, published articles of a kind never witnessed in Algeria since the country became independent from France in 1962.

The head of state faces an uphill struggle over the next five years if he is to hold to his aim of trying to liberalise the tight one-party system which has characterised Algeria in the past 25 years, at a time when the country's foreign income has declined from \$15bn in 1985 to an estimated \$7.7bn this year.

Imports are running at an estimated \$7.3bn in 1988 while servicing the country's \$21bn foreign debt has probably cost \$5.8bn this year, a figure which includes interest on the short-term debt raised over the past two to three years.

More important than the election, however, is the head of state's move to usher younger, more professional officers and technocrats into senior positions in the army, the civil service and the many state companies.

Two weeks ago he retired six military commanders including General Aitalla, the much feared man in charge of the Blida military region just outside Algiers, and replaced them with more professional officers.

In all walks of Algerian life, a more professional, better educated and less corrupt generation is taking over. The extent to which President Chadli is able to do this will be one important measure of the success he is having with his reform policy.

Afghan factions plan meeting

By Christina Lamb in Islamabad

THE PAKISTAN-based Afghan Mujahideen will formally meet their counterparts in Iran this weekend for the first time since the Soviet invasion of Afghanistan nine years ago.

Prof Rabbani, head of the seven-party resistance alliance, flies to Tehran today in an attempt to co-ordinate the policies of the two groups before the second round of direct talks with the Soviets, due to take place in Islamabad after Christmas.

There are more than 1.5 million Afghan refugees in Iran and the Tehran-based eight-party Mujahideen alliance are mainly Shia Muslims who have been critical of the Sunni-dominated groups in Pakistan.

Rabbani's move comes after the Soviet negotiator, Yuli Vorontsov, announced his intention to hold talks with the Iran-based Mujahideen, Rabbani, who has held several informal meetings with the guerrillas in Iran, wants to pre-empt what he terms a Soviet attempt to divide the Mujahideen.

"Vorontsov's proposal shows that the Soviets are still wanting to play games. But they are mistaken if they think they can divide us - we and the Iranian Mujahideen are fighting on the same battlefield."

Rabbani returns to Islamabad on Sunday after the first peace talks with the Soviets and has since held a series of meetings with the executive council of the seven-party alliance and Pakistani military intelligence (ISI), who have played a large part in implementation of Afghan policy, giving training and advising on strategy.

Rabbani says for concrete progress to be made it is vital for both sides to come up with new ideas and adds that the Soviets must drop President Najibullah's Communist party (PDPA) if they are to avoid heavy losses as their troops leave Kabul. Although there is little time before February 15, when the withdrawal is due to end, Rabbani is hopeful that a broad-based government acceptable to both sides will emerge.

Some Ecu20m of the Community aid will be drawn from the Ecu102m which Angola is due to get anyway under the current Lomé Convention, which the Luanda Government joined in 1985. The other Ecu40m, which represents fresh funding for Angola, will come from Lomé Convention unallocated finance and from the Community budget itself.

With the envisaged independence of Namibia from South Africa, EC governments have already agreed Namibia should become the 67th African, Caribbean and Pacific country to join the Lomé accord.

Namibia: now for the economic struggle

Prosperity may prove as hard to achieve as independence has been, says Nicholas Woodworth

THE long-awaited process that will lead to the independence of Namibia has at last been set in motion with the signing in New York this week of a southern African peace accord. The form that the territory's independence takes will emerge only gradually, but one thing is certain - one of the first tasks of those who come to power will be the restructuring of its economy.

Namibian leaders will inherit a country shaped by a century of foreign domination and battered for the last decade by war, drought, under-investment and falling commodity prices. And if, as seems likely, the Marxist-oriented South West African People's Organisation (SWAPO) gains control, Namibia would have to confront not only the economic underdevelopment of the past, but a future clouded by an uncertain relationship with the Western financial community.

SWAPO, however, is not unaware of the economic record of revolutionary governments in Africa. It is conscious that ideological fervour without the underpinnings of pragmatic economic policy has invariably been a recipe for disaster.

In a policy document recently obtained by the news agency Renter from SWAPO headquarters in the Angolan capital of Luanda, the SWAPO leadership has proposed a set of guidelines for the development of post-independence Namibia. Intended to dispel Western fears of blanket nationalisation and the adoption of Marxist state planning, this economic blueprint stresses that Namibia would remain dependent for its development on private capital and foreign investment.

"SWAPO leadership does not hide its belief in the moral superiority of social ownership and control of the economy," the paper says. "But the movement is realistic enough to know that for the immediate future, independent Namibia will not have sufficient finance or technical and managerial expertise to maintain

reasonable rates of economic outputs."

Based principally on mining, as well as livestock and fishing, the Namibian economy is highly extractive and poorly integrated. Local manufacturing accounts for less than 5 per cent of gross domestic product. About 90 per cent of Namibia's produce is exported, while 85 per cent of the goods used in the country are imported.

The Swapo document points to the domination of foreign capital as the cause for the large disparity between national income and GDP. Up to 35 per cent of total GDP, it says, is repatriated by foreign mining firms - two-thirds of which are South African - in the form of profits.

While a lack of confidence in the political future of Namibia has resulted in a decade of severe recession, the country's potential is considerable. It is the fourth-largest mineral producer in Africa, supplying uranium, diamonds, and base metals. It exports significant quantities of cattle and karakul sheepskins, and although its fishing grounds have been seriously over-exploited, they remain among the richest in the world.

In an independent Namibia, Swapo says, the domination of these sectors by Western and South African corporations would end. Under a Swapo government, local public and private capital would play a greater role, and the economy would be a mixed one shared by parastatal companies, co-operatives and joint ventures. Swapo would also like to see the following measures:

- Significant re-investment of mining profits to finance further mineral exploration and development.
- Higher tax rates that would include a curb on "transfer pricing" and increased payments on licence fees, state leases, and other duties.
- The integration of mining with the rest of the economy. This would include the establishment of mineral-based processing industries, the manufacture of construction materials, and the development of refineries for Namibia's metals and sorting and cutting facilities for its diamonds.

- In the agricultural and livestock sector, economic restructuring through the re-allocation of land would be radical. Of the 6,000 cattle and karakul ranches owned by whites, half belong to foreign absentee landlords. Swapo says it would redistribute these lands, as well as the property of resident whites owning more than one farm.
- Swapo, however, rules out full-scale nationalisation of the



Pretoria's Foreign Minister Pik Botha sets in motion the quest for a new Namibia

land, and would seek the establishment of a mixed sector made up of state farms, co-operatives, peasant family farming, and private commercial farming.

Other agricultural measures would include:

- A ban on the export of live cattle to South Africa for slaughter.
- A ban on the export of unprocessed karakul pelts. Swapo would seek joint ventures with investors to export the pelts as finished products.
- The transfer of financial resources from the mining sector to increase agricultural production and finance agro-industrial development.

In the badly-depleted fishing sector Swapo would seek the establishment of a national fishing company, as well as private and joint ventures with technologically advanced foreign firms. It also envisages protective measures to revive the richest hake grounds in the world, estimated to be worth R2bn (£500m) annually, including the declaration of a 200-mile exclusive economic zone off Namibia, the allocation of quotas and the

raising of levies from countries fishing in Namibian territorial waters. Swapo acknowledges that the implementation of these measures would not be easy. In spite of its contention that it would be able to do without South African trade routes, food supplies, consumer goods, and the trade benefits of the South African Customs Union, the evidence provided by neighbouring Botswana, Zimbabwe and Zambia is undeniable. All are better established than Namibia as independent powers, yet none is free of strong South African economic influence.

In addition, none of these countries came to independence as revolutionary states, but benefited from the confidence of Western investors. Swapo, were it to come to power in Namibia, would still have to prove its ability to accommodate its Marxist constitution to global and regional economic realities. In these circumstances, the road to Namibian economic success may prove to be as long and hard as was its search for political independence.



EC backs peace accord with Ecu60m for Angola

By David Buchan in Brussels

THE European Commission yesterday moved swiftly to support the international accord on south-western Africa with a Ecu60m (£39m) programme for Angola to resettle refugees, develop rural infrastructure, and create jobs in the strife-torn country.

Spain, France, Italy and Portugal, the former colonial power in Angola, have also told the Commission that they will support the rehabilitation programme with money from their own national aid budgets, while other EC governments are understood to be considering similar action.

Some Ecu20m of the Community aid will be drawn from the Ecu102m which Angola is due to get anyway under the current Lomé Convention, which the Luanda Government joined in 1985. The other Ecu40m, which represents fresh funding for Angola, will come from Lomé Convention unallocated finance and from the Community budget itself.

With the envisaged independence of Namibia from South Africa, EC governments have already agreed Namibia should become the 67th African, Caribbean and Pacific country to join the Lomé accord.

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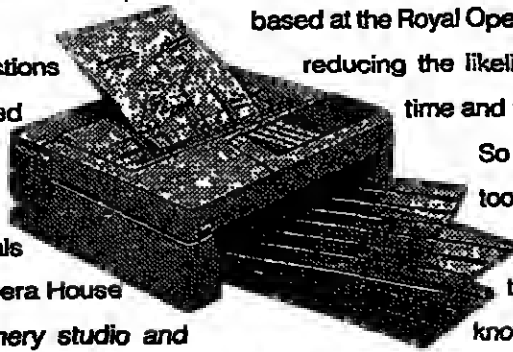
Siemens high speed facsimile terminals have been installed at The Royal Opera House production office and at their scenery studio and workshop in London's East End.

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UK NEWS

US reluctant to change policy on disclosure of airline terror threats

By Lionel Barber in Washington

THE REAGAN Administration has pledged to re-examine its policy against public disclosure of terrorist threats against commercial airlines. However, officials said yesterday that big changes were neither practical nor desirable.

"It would reduce the cost of making a threat to a pay call," said one official, noting that the US Government had received almost one threat a day since early September. To broadcast such threats would bring air travel to a stop.

In Washington, experts investigating the crash of Pan American Flight 103 are treating with caution the original anonymous telephone tip to the US embassy in Helsinki which warned of a terrorist bomb plot against a Pan Am "jumbo jet."

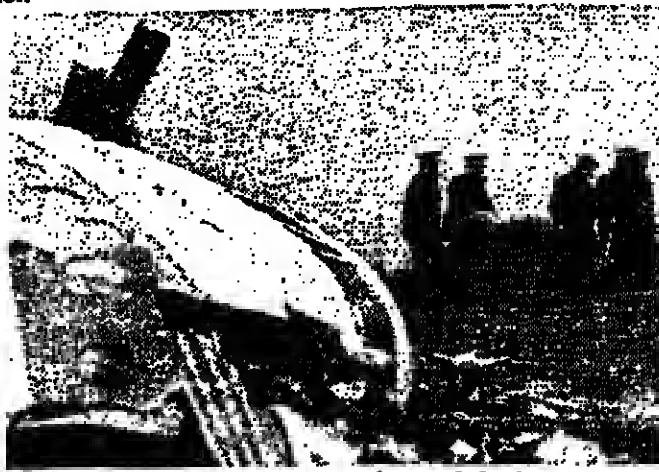
The caller - an Arab man - is well known to US intelligence and to the Finnish police. His identity was disclosed by a friend after several similar threatening calls this year, and he has been interrogated by Finnish authorities.

The difficulty is that both persons might be mentally imbalanced, according to US and Finnish authorities. Both now deny making the telephone calls, and investigators have thus been forced to play back original recordings in order to establish the callers' identity.

Nevertheless, the US took the tip-off on December 5 seriously because it was so specific. A man identified as Abdullah would supply an explosive device to someone called Garadat in Finland who would pass it on to a Finnish woman. She would then take the device to Frankfurt, and unwittingly aboard a Pan Am jet. Both Abdullah and Garadat supposedly had ties to Abu Nidal, the radical Palestinian faction.

The call touched off a widespread alert to airport security officials, airlines, and US embassies abroad. The British Government and a number of other governments including Israel were also informed. Considerable efforts were made to evaluate the threat, one official said.

Yet the questionable nature



Firemen carry a body past wreckage of the jet

of the original source aroused concern. Doubts also arose concerning the warning about Abu Nidal, which is not known for putting bombs on airlines. In the past, Abu Nidal - a break-away group opposed to the Palestinian Liberation Organisation - has resorted to spectacular attacks on innocent people in public places: the massacre at Rome and Vienna airports, attacks on the Rome and Istanbul synagogues, and the attempted hijacking of a Pan Am jet in Karachi.

More generally, US officials want to focus public attention on the sophisticated sabotage methods used by terrorists. West German police disclosed yesterday that they had discovered a bomb hidden in a cassette recorder fitted with a brometric detonating device. "The whole micro-technology revolution has been applied to bomb manufacture," a US official said.

Plastic explosives such as the Czech-made Semtex are also almost impossible to detect by airport X-ray machines. In 1986, when El Al security officials discovered a bomb inside a bag carried by an unsuspecting passenger at Heathrow airport, it took three attempts before the detonator was discovered in a Walkman radio and the plastic explosive in the false bottom of a suitcase. "And the Walkman worked," said the official.

In the light of this uncertainty of beliefs, they are reluctant to pass on to the travelling public all the tip-offs and threats they receive. In the case of Flight 103, the question is consistency: US embassies were notified, and a warning posted publicly at the Moscow embassy, but the US military was not warned, nor the public.

In fact, the Moscow embassy is an unusual case because eavesdropping hampers communication between American diplomats and their families: hence the public display of the warning.

To counter claims that it restricted information unduly, the State Department has pointed out that four of its own employees died on Flight 103.

Standing room at the inn after trade news

By Ralph Atkins, Economics Staff

GRIM TRADE statistics yesterday provided seasonal comfort and joy for hard-pressed money men of this City.

Official figures showing a deficit almost exactly as bad as forecast meant that many dealers and analysts could swiftly abandon their desks for wine bars, pubs, or a sober train ride out of the capital.

The exodus began within 30 minutes of the release of the announcement.

By 2pm there was standing room only at City pubs and wine bars. Streamers, broken glasses and the odd drunken walk were spotted - but, symbolically, no party hats. In Broadgate, the massive office development near Liverpool Street station, early afternoon drinking spread on to the pavements.

Markets reacted perversely to the £1.6bn current-account deficit in November, pushing sterling and share prices just a smidgeon higher.

Mr Richard Jeffrey, an economist at Hoare Govett, said: "It is a measure of the nervousness of the City that the third worst trade figures on record can be greeted with relief."

At the close in London, the pound was an unimpressive 0.05 of a cent higher against the dollar and half a penny stronger against the D-Mark.

Behind the figures the FTSE 100 share index had hardly moved, but ended a modest 3.3 higher at 1,774.0.

Trade in currency markets was described as "extremely thin" or "as dead as a do," by analysts. "There has been no trade at all really - just people clearing things out before Christmas," admitted one.

Mr Nick Donch, a senior manager at Barclays, said: "The figures made little impact because of their timing just before the holiday. Markets may re-evaluate the situation after Christmas."

Activity in shares and gilt-edged securities similarly lacked lustre, with the equity market on the stock exchange closed from lunchtime.

Officially, the gilt market was meant to be in operation until 5pm. But the Bank of England, in its best bad-news tradition, said it will be known that firms not doing any business could shut up shop and go home.

"Our boys are working out how to switch off the computer systems," said one gilt analyst shortly after noon.

Mr Glenn Davies, an economist at Citibank, said: "There was no way anything was going to happen today. Nobody is going to take a position over the Christmas holiday. It's too dangerous."

Meanwhile dealers and City workers drank champagne and celebrated surviving another month's trade figures and a year of slow trading... and toasted a healthier new current-account year.

Motor industry trade deficit rises 50% to record £4.65bn

By Kevin Done, Motor Industry Correspondent

THE UK motor industry trade deficit rose by 50 per cent to a record £4.65bn in the first nine months of the year.

The motor industry alone accounted for more than a third of the total UK visible trade deficit in the first three quarters of the year. It has also been a big factor behind the sharp deterioration in the overall UK trade balance after a sharp increase in the value of car imports.

Figures released yesterday by the Society of Motor Manufacturers and Traders put the trade deficit in cars in the first nine months at £3.7bn. That reflected a 33 per cent rise in the value of car imports to £5.1bn and a 3 per cent fall in the value of car exports to £1.4bn.

Exports have stagnated, partly because of the appreciation in sterling's value, the SMMT said.

The motor industry trade balance has been deteriorating since the mid 1970s and has been in deficit since 1982.

The deficit has grown sharply again this year, however, and might reach £5.5bn-£6bn for the full year compared with the previous record deficit of £2.9bn in 1987.

The trade balance has worsened against the background of record new car sales in the UK, with strong demand sucking in much higher levels of imports.

New car sales in the first 11 months of the year were 10.5 per cent higher than a year ago and are expected to total more than 2.2m units for the full year. That would make the UK the second largest and, after Spain, fastest growing big volume car market in west

UK MOTOR TRADE (£m)		
First nine months		
Exports		
	1988	1987
Cars	1,333.0	1,372.0
Comm. vehicles	335.0	294.0
Parts and accessories	2,422.0	2,136.0
Others*	742.0	657.0
Imports		
Cars	5,058.0	3,613.0
Comm. vehicles	624.0	684.0
Parts and accessories	3,152.0	2,790.0
Others*	346.0	315.0
Trade balance		
Cars	-3,725.0	-2,441.0
Comm. vehicles	-289.0	-340.0
Parts and accessories	-750.0	-654.0
Others*	+398.0	+342.0
Total balance	-4,648.0	-3,694.0

*Others includes agricultural tractors, dumpers, trailers, caravans, industrial works trucks and freight containers.

Source: Society of Motor Manufacturers and Traders and Customs and Excise

Europe.

While overall car sales rose by 10.5 per cent, imports of new cars rose by 17 per cent in the first 11 months to capture 56.5 per cent of the market compared with 51.7 per cent a year ago.

The leading factor behind the jump in car imports has been the sharp rise in the volume of cars imported by Ford, the UK market leader, from its Continental assembly plants.

The fall in sales of UK-sourced Ford cars follows the two-week strike at the company in February and preceding months of unofficial indus-

trial action which cost the company 74,000 vehicles (including 65,000 cars) in lost production.

Mr Derek Barron, chairman and chief executive of Ford's UK subsidiary, claimed this week that the booming demand in the UK new car market had made it impossible to make up the shortfall. "The company had only recently been able to rebuild dealer stock levels.

The number of cars imported by car makers with a UK production base - chiefly Ford but also Vauxhall (General Motors) - increased by 40 per cent. Independent imports rose by only 18 per cent, little more than the overall increase in UK car sales.

The SMMT said 1988 had been "an exceptional year," adding that the trade figures should improve in 1989 as long as sterling did not appreciate further.

The improvement should stem from:

- An expected moderate decline in demand for both cars and commercial vehicles, which should allow more vehicles to be sourced from the UK.
- A hoped-for absence of industrial disruption.
- An increase in exports by Peugeot from its Ryton, Coventry, assembly plant.
- An increase in exports by Nissan from its Washington, Tyne, plant.

The only positive developments in the motor industry trade balance this year were a 13 per cent rise in the value of exports of automotive components and accessories, and a 61 per cent increase in the value of light commercial vehicle exports.

Channon to tackle air security task

By Michael Donne, Lynton McLain and Tom Lynch

THE REVIEW of airport security promised yesterday by Mr Paul Channon, Transport Secretary, in the aftermath of the Lockerbie disaster highlights a huge problem.

Mr Channon emphasised that he had no reason to believe there had been any security lapse at Heathrow, but added: "As a precaution, I am going to review all the security at all our airports. They are among the best in the world. I want to make sure that continues. If improvements can be made we won't hesitate to make them."

"If we need extra security and it is proved we do need it, we will have to have it."

However, because of the size of international airports, the numbers of passengers and staff, and the amount of baggage handled, it is impossible to make them armed camps.

The International Air Transport Association, representing more than 170 airlines, which has conducted a study of security arrangements over recent years, accepts that it is impossible to guarantee total security in an air transport system. It has nevertheless undertaken many visits to individual airports in recent years, with the result that many which it had considered to be slack on security have significantly improved their arrangements, "and are probably now as good as anyone can get them," according to IATA.

Even IATA recognises that the determined terrorist will find some way of getting through, as may eventually prove to have been the case with the Pan Am Boeing 747.

Some aviation observers believe that while passengers and their hand baggage are

almost universally screened or searched, the one area that still needs to be improved is that of checking luggage to be stored in the aircraft holds.

At present, most flights at most airports, such baggage is only searched or X-rayed if there are causes for suspicion. A few airlines, of which El Al is the most conspicuous, do make such extensive searches as a matter of course, insisting upon all baggage for the holds being opened and all packages unsealed, a procedure that means two or more hours at check-in but which results in maximum security.

Most airlines argue that there are too many pieces of such baggage and to search or X-ray every one would be prohibitively expensive and so time-consuming as to bring any airport virtually to a halt.

A further security difficulty is posed by the transfer of baggage for connecting flights. Mr Channon himself made the point yesterday that the logistics and cost made it almost impossible for baggage checked in at Frankfurt, for the connecting London flight to New York, to be searched again at Heathrow.

Asked, however, whether he was satisfied with security at Heathrow, Mr Channon replied: "I am never satisfied with it. We will keep on reviewing it to see what improvements can be made."

As a result of the Pan Am Boeing 747 accident, and such disasters as the destruction by bomb of an Air-India 747 in 1985, some observers believe the time may come when passengers will have to endure longer check-in times and higher security charges to ensure maximum safety.

Nissan engines for black taxis

By John Griffiths

THE FX4 BLACK taxi, as British as red double-decker buses and Tower Bridge, is to be offered with Nissan diesel engines.

As part of the deal with Nissan, Japan's second-largest vehicle maker, 100 "limousine" versions of the FX4 taxi are also to be shipped to Japan each year, where they will be sold through Nissan dealers.

The decision to offer Nissan diesels is a blow to Land Rover, which until now has been the exclusive supplier of FX4 engines.

Nissan's 2.7-litre TD 27 diesel is being offered from next year, but as an option at "substantial extra cost," according to Mr Rod Turner, finance director of Carbodies, the Coventry-based subsidiary of the Mangrove Bronze group that makes the black taxi.

However, the Nissan engine is expected to have a high take-

up rate. Many taxi drivers have criticised the 2.5-litre Land Rover unit in the FX4 as being underpowered. The Nissan engine is also offered with a four-speed automatic transmission compared with Land Rover's three-speed transmission.

Land Rover yesterday refused to comment on the Carbodies move. Its engine is also used in some models of the Land Rover.

Carbodies produced 2,128 black taxis last year. It has increased its output rate from 50 to 56 a week, with a further increase planned next year, in spite of competition from the Metrocab launch in January by the Laird group's Metro-Cammell Weymann subsidiary. It has produced 1,721 in the first nine months of this year, compared with 669 by MCW.

MCW is for sale as part of a decision by Laird to dispose of

its transport interests.

However both companies expect the total UK taxi market to grow as the result of Metrocab having broken the FX4's long-standing monopoly.

It has persuaded local authorities outside London to encourage the use of the taxis in their own towns and cities.

Mr Rod Turner confirmed reports from Tokyo that the luxuriously equipped export models - expected to be used mainly by hire operators for weddings and other special events - will rejoice in the name of Big Ben.

The name adds to Nissan's reputation, even among other Japanese vehicle makers, for giving unusual names to its vehicles. The more macho drivers, for example, while climbing into their 240Z sports cars, do their best to forget that Nissan's full name for it is the Fair Lady.

Building societies' business slows down

By David Barchard

BUILDING SOCIETIES experienced a slowdown in their mortgage lending and savings business last month.

The industry hailed the figures, which were issued yesterday, as showing that recent rises in interest rates had ended the housing market's overheating.

New mortgage advances totalled £3.4bn, the lowest figure since January, down from £3.8bn in each of the two preceding months. The net inflow of savings was down even more sharply, to £766m com-

pared with £1.5bn in October. In November last year the figure was £1.1bn.

Mortgage lending is now well below the levels earlier this year. In March it totalled £5.8bn, in June £5.6bn.

Yesterday Mr Mark Boleat, director-general of the Building Societies Association, said only a small part of the fall in lending activity was due to seasonal factors. He said: "The downward trend was established in the summer [when] interest rates began rising and tax relief arrangements were

changed."

The downturn in mortgage lending was less unexpected than the sharp fall in societies' receipts from savers. The November figure was the second lowest this year. Only September was worse.

However, yesterday most societies said the fall in November was largely seasonal, with the British Steel flotation perhaps also attracting savings away.

The societies said there was no sign that smaller savers had overcome their fear of the

Current account deficit to 'reach £13bn next year'

By Ralph Atkins

BRITAIN'S CURRENT account will remain firmly in the red next year with a deficit hardly any smaller than in 1988, according to a survey of independent economic forecasts by the Treasury.

The average of 11 forecasts in the survey shows the current account deficit reaching £13bn next year. Economic growth is expected to slow but inflation is forecast to be above 5 per cent at the end of the year.

In his autumn statement, Mr Nigel Lawson, the Chancellor, predicted a current account deficit of £11bn in 1989.

The survey includes forecasts by universities, City security houses and organisations such as the Confederation of British Industry and the Organisation for Economic Co-operation and Development. Many of the forecasts are dated October or November.

For this year, the survey points to a current account deficit of £13.2bn. However, the Department of Trade and Industry figures yesterday

MacGregor resigns from North Sea Assets post

By Vanessa Houlder

SIR IAN MACGREGOR, the 76-year-old former chairman of British Coal and British Steel, yesterday resigned from the chairmanship of North Sea Assets, the restructured investment holding company.

The company said his resignation, which was accompanied by those of four non-executive directors, resulted from "disagreements relating to certain shareholder interests and intentions." There was no comment yesterday from Sir Ian.

Mr David James, chief executive and acting chairman of NSA, declined to elaborate on the disagreements. However, he said the non-executive directors involved had all been with the company before its capital reconstruction a year ago. "They have provided a year of continuity. It is now an appropriate time for them to

Aluisisse buys Midlands foil package group

By Maggie Urry

ALUISSISE, the Swiss aluminium and chemicals group, has started a programme of acquisitions of European packaging companies with the purchase of William Garfield, a UK aluminium foil container maker.

Aluisisse expects to announce further packaging acquisitions in Europe in the next few weeks. The group is in the middle of its largest investment programme ever after a return to profits in 1987. It has annual sales of \$F 5bn (£1.9bn).

Garfield, based in Birmingham, has an annual turnover of \$2bn. The purchase price is not being disclosed.

Garfield will augment Aluisisse's existing aluminium container business in the UK. Star Aluminium of Bridgnorth

Food poisoning increase feared

FOOD POISONING outbreaks are likely to increase because of a nationwide shortage of environmental health officers stemming from lack of adequate government funding, the Institute of Environmental Health Officers said yesterday.

At present, it said, there were 400-500 too few officers and the shortage was getting worse. In some areas it was so acute that only crises can be handled. It added that for three years the Government had been aware of the shortage but had refused to supply extra funds.

Another cable TV franchise won by US-owned operator

By Raymond Snoddy

A FURTHER UK cable television franchise has been awarded to an operator controlled by US companies.

The Cable Authority, the regulatory body, has awarded the franchise for the London boroughs of Barking, Bexley and Redbridge to East London Telecommunications. The company was acquired earlier this month by Jones Interable, one of the large US cable operators, and Pacific Telesis, the California telephone company.

The franchise area covers 230,000 homes and construction work on the system will begin before the end of 1989.

The company already operates the cable franchise in the east London boroughs of Newham and Tower Hamlets, which include London Docklands. When it is complete, the franchise will cover 150,000 homes.

Mr Lee Cox of Pacific Telesis said the new franchise would

greatly increase the company's presence in the London cable market. "We are very enthusiastic about the potential for cable and telephone services in the UK," he added.

Last month, United Cable, one of the largest US cable operators, was awarded three British franchises covering 700,000 homes in Avon and among the towns of the Thames estuary.

Under existing legislation, non-European Community shareholders are barred from controlling UK cable franchises. However, the Cable Authority has accepted ownership based on Channel Island trusts. Voting control resides with EC shareholders although the US companies have financial benefits in proportion with their investment.

Earlier this week, it was learned that Maclean Hunter, the Canadian publishing, printing and broadcasting group,

was becoming the highest shareholder of East Lancashire Cablevision, the company awarded the franchise for Blackburn, Burnley and the Nelson and Colne area.

Maclean Hunter, which is involved with the Financial Times in the launching of the Financial Post, Canada's first business newspaper, has business in cable television subscribers in Canada and the US.

The Canadian company is interested in applying for more UK cable franchises.

The Cable Authority is to be abolished under government proposals for the future of broadcasting and a new form of cable franchise introduced.

A flurry of activity is likely in the new year as potential investors try to win franchises under the old terms. In future, the Government wants to separate ownership of cable networks from the selling of the programme channels.

NOTICE TO NOTEHOLDERS

EUROPEAN ECONOMIC COMMUNITY
ECU 350,000,000 Floating Rate Notes due 1993

In accordance with Article 9(b) of the terms and conditions of the above issue and in compliance with the provisions of the Fiscal Agency Agreement, notice is hereby given that all the outstanding notes will be redeemed on January 31, 1989.

Payment of the principal amount of the Notes will be made upon presentation of the Notes with Coupon no 13 and following attached, at the offices of any of the following Paying Agents:

Principal Paying Agent: Banque Paribas (Luxembourg) S.A.
Paying Agents: Luxembourg: Morgan Guaranty Trust Company of New York, London: Morgan Guaranty Trust Company of New York, Brussels: Societe Generale de Belgique, Banque Paribas, Paris

EUROPEAN ECONOMIC COMMUNITY
Luxembourg, December 22, 1988

DO YOU KNOW WHERE YOU'RE GOING IN 1989?

Find out by reading the WEEKEND FT'S HOLIDAY AND TRAVEL SECTION - every Saturday from December 31st.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF PERINOS FOODS PLC - and - IN THE MATTER OF THE COMPANIES ACT 1985

Notice is hereby given that the Order of the High Court of Justice (Chancery Division) dated 12 December 1988 confirming the cancellation of the share premium account of the above-named Company was registered by the Registrar of the Companies on 16th December 1988.

Dated this 24th day of December 1988

Ashurst Morris Crisp, Broadgate House, 7 Broad Street, London EC2M 1TH Ref: AHN Solicitors for the above-named Company

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF NETWOOD WILLIAMS GLASS LIMITED - and - IN THE MATTER OF THE COMPANIES ACT 1985

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BRITAIN'S CURRENT account will remain firmly in the red next year with a deficit hardly any smaller than in 1988, according to a survey of independent economic forecasts by the Treasury.

The average of 11 forecasts in the survey shows the current account deficit reaching £13bn next year. Economic growth is expected to slow but inflation is forecast to be above 5 per cent at the end of the year.

In his autumn statement, Mr Nigel Lawson, the Chancellor, predicted a current account deficit of £11bn in 1989.

The survey includes forecasts by universities, City security houses and organisations such as the Confederation of British Industry and the Organisation for Economic Co-operation and Development. Many of the forecasts are dated October or November.

For this year, the survey points to a current account deficit of £13.2bn. However, the Department of Trade and Industry figures yesterday

show that has already been exceeded with the cumulative total for the January to November period at £13.4bn.

The survey shows that inflation is expected to fall during 1989, with the annual rate of increase dropping to 5.3 per cent by the end of the year. That compares with the current rate of 6.4 per cent.

Growth in gross domestic product this year is expected to reach 4.5 per cent. Some moderation is forecast in 1989 with the growth rate falling to 2.8 per cent - consistent with a "soft landing" for the UK economy.

The Government is expected to run substantial public-sector borrowing requirement surpluses both this year and next. For the 1988 financial year, it is forecast to repay £10.2bn of debt, rising to £11.9bn in 1989.

Unemployment, however, is expected to remain high. In the last three months of this year it is expected to stand at 10.7m, falling only slightly to 10.5m in the last three months of 1989.

Scottish Enterprise move

A SENIOR official at the Scottish Development Agency, who resigned as head of Locate in Scotland, is to take a newly created post linked to the planned transformation of the agency into a body called Scottish Enterprise.

Locate in Scotland is the body run by the Scottish Office and the SDA which attracts

inward investors to Scotland. Professor Neil Hood will leave it in February to become SDA director of employment and special initiatives.

The job includes co-ordinating the SDA's existing training Prof Hood will be responsible for preparing the SDA for integration with the Training Agency's Scottish work.

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UK NEWS

Brewers see the light over lager

Clive Cookson finds the future looks bright for low-alcohol beer

SALES OF low-alcohol and alcohol-free beers have been doubling every year since the early 1980s. UK consumption this year is likely to reach 100m pints. That is still only 1 per cent of the market for conventional beer...



Not a lot of alcohol but the brewers like it

According to the Brewers' Society, about 65m for 15p for each pint sold will be spent this year on promoting and advertising the 30 brands of low-alcohol and alcohol-free beer on sale in the UK...

13,000 pubs owned by the two groups. There are two alternative approaches to making low-alcohol beer: brew a normal beer and take the alcohol out, or adjust the fermentation process so that it produces very little alcohol in the first place...

will never taste quite the same as the real thing, because alcohol itself affects the flavour of a drink. Bass has to add a little sugar to Barbian at the end of the distillation process, because the drink otherwise tastes too dry with all the alcohol removed...

EMPLOYMENT

British Gas flexibility plan dead and buried, says union

By John Gapper, Labour Correspondent

MANUAL workers at British Gas have rejected overwhelmingly changes to working practices which were intended to improve services to customers. The changes took two years to negotiate and had been recommended by union leaders...

separate deal on pay and London allowances. Discussions on a revised package of new working practices are also likely to resume. Mr Jim Mowatt, TGWU energy officer, said the package - intended as a revision of a 1975 agreement on working practices - was in effect "dead and buried"...

The package would have allowed a job demarcation between engineers and would have enabled British Gas to cut the number of visits to customers. At the moment, non-emergency visits are generally made only to 5pm and on Saturday mornings...

Local talks agreed at ICI on big job changes

By Charles Leadbeater, Labour Editor

UNIONS at Imperial Chemical Industries have agreed to exploratory local discussions about introducing the farthest-reaching changes in working practices at the company since the late 1980s. The local talks are meant to clear the way for a national agreement which would set a framework for introducing the changes over the next few years...

YTS is below target, PM reports

By Our Labour Editor

THE Government's Youth Training Scheme is running 129,000 places below target, Mrs Margaret Thatcher, the Prime Minister, disclosed yesterday. She was replying to a letter from Mr Neil Kinnock, the Labour leader, about the plight of homeless young people...

meanwhile there was no justification for young people to remain unemployed and claiming benefit. The scheme is budgeted to provide up to more than 400,000 places a year. Last year about 327,000 young people took up places on the scheme...

It continued: "The unions have informed the company that if agreement is to be reached on changed working practices to the degree proposed by the company then it will be necessary for employees to benefit financially and for there to be a clear guarantee of no forced redundancy directly arising from those changes..."

Workers content at non-union IBM

John Gapper encounters strong rejection of dated factory traditions

THE workers' contentment has a lot to answer for. So too do demarcation lines. To judge by interviews with the non-union workforce of IBM, the computer manufacturer, they have served to alienate a generation of British workers. "I worked for ICI and they had four canteens. Crazy! Not that I particularly want to, but I can sit down here with my good upstairs at the same table..."

As the authors say, the interviews suggest the need for a union movement struggling to find an answer to the growth of why IBM's non-unionism is popular with workers of whom many previously worked for strongly-unionised companies. The Government said its guarantee of a place on YTS

The workers professed themselves well-satisfied with IBM despite reservations about the genuineness of IBM's individual consultation systems, and despite a prevailing hostility to Thatcherite individualism in society. "I still sometimes feel I should jump to attention when a manager comes towards me," said a former shipyard worker...

average for the area in which its plants are located, and claims never to dismiss an employee except for reasons such as theft or fraud. The relationship is regarded as a lifelong contract. At Greenock, it has also an "advisory council," which the study says was established because IBM management felt when the plant was built that workers would be recruited from a traditionally unionised labour market...

Mistletoe index keeps creeping up

By David Blackwell

THE COST of a kiss at Christmas is creeping up year by year, as mistletoe supplies diminish. While the tradition of kissing under the mistletoe remains quintessentially English, the mistletoe itself is mostly from France. This Christmas, the UK will have imported about 150 tonnes of the parasitic plant - up to 30 per cent less than last year. Ten years ago imports were about 400 tonnes, according to Mr Jacques Orlon, a leading London importer...

Gateshead to have city tech

By David Thomas, Education Correspondent

A CITY Technology College is to be opened in Gateshead in north-east England, it was announced yesterday, bringing to five the number of CTCs that have firm sites, sponsors and opening dates. Leading sponsors ready to contribute at least £1m have also been secured for a further 13 such colleges, but most of their names are not being disclosed until a site is secured...

attract widespread business support, but the City Technology College Trust said yesterday that more than 100 companies, foundations and individuals had now pledged over £31m towards the initial colleges. The Gateshead college, on the site of a former Roman Catholic school, will open in 1990 and cater for 500 pupils. Business will contribute £1.5m towards its £7.5m capital cost...

supermarket operator, are also being closed with about £500,000 between them. Mr Vardy said: "There is particular concern on Tyneside that far too many children leave school at 16 without adequate educational qualifications. Mr Alistair Grant, Argyl's chairman, added that the company intended to develop with the college "a retail skills training module which will prepare children for a career in the expanding retail sector..."

Curb on inspectors will stand

By Raymond Hughes, Law Courts Correspondent

LORD YOUNG, Trade and Industry Secretary, has decided not to appeal against a High Court ruling last month that seriously limited the powers of inspectors appointed under the 1986 Financial Services Act to investigate investment business carried on by individuals. The court held that a businessman's activities before the act came into force could not be the subject of investigation because they were not "investment business" within the meaning of the act...

been carrying on." The act permits inspectors to demand the production of documents. Anyone failing to comply with a requirement under the act is guilty of an offence and can be jailed for up to six months or fined, or both. The challenge to the inspectors' powers was made in a judicial review sought by a well known City figure whose identity was not disclosed during the court hearing. He argued that the concept of "investment business" did not exist before the 1986 act, so it was impossible for anyone to have been carrying on such business before the act...

Lord Justice Mustill said that section 105 would not work if read as applying to pre-act transactions. He said the act created "an elaborate new structure" to some into effect in the future to replace the 1988 Prevention of Fraud (Investments) Act. He could see no reason why the Secretary of State should have taken the powers created by section 105 except to enable him to police the proper working of the scheme created by the act and to administer the various sanctions conferred by the act for infractions of that scheme...

TGWU faces legal threat on port strike

By Our Labour Staff

THE National Association of Port Employers would almost certainly take legal action to prevent a strike called to protect the national dock labour scheme, the association's director has warned. Mr Nick Finney, the director, said industrial action after the proposed TGWU ballot about the scheme would almost certainly be illegal. Mr Finney said: "It is quite extraordinary that the TGWU's docks group should risk incurring substantial damages for promoting and possibly implementing a strike which would almost certainly be unlawful..."

Government rejects power station pollution appeal

By John Hunt, Environment Correspondent

THE GOVERNMENT has rejected a recommendation from a committee that Britain should join the "Thirty Per Cent Club" of nations which is committed to drastically reducing pollution from power station emissions by 1995. In its response to the committee's report on air pollution, the Government says there is no prospect of the Central Electricity Generating Board accelerating its gas desulphurisation programme to meet the club's requirements. The reference is to the expensive programme that removes sulphur dioxide from the emissions that leave the chimneys of power stations and some factories...

he felt the tone of the rest of the response was much more encouraging than previous Government reactions. Many of the other recommendations of the committee are accepted by the Government. The club agreement stipulates a reduction of 30 per cent in sulphur dioxide emissions by 1995 compared with 1980 levels. Many European and other developed countries are members of the club. Drax will be the first UK power station to be fitted with flue gas desulphurisation equipment. But at least one other important power station would need to be similarly fitted by 1995 if the 30 per cent target were to be reached. In other areas, such as the need to maintain environmental research and take a lead in research into ozone layer depletion, the Government says it is already implementing programmes.

Table with columns: High Low, Company, Price, Change, Div (p), % Y/E. Includes entries for 293 125 Am. Brk. Ind. Ordinary, 293 126 Am. Brk. Ind. Ord., etc.

ECONOMIC DIARY

MONDAY: French unemployment figures. TUESDAY: South Asian Association for Regional Co-operation (SAARC) foreign ministers hold preliminary meeting in Islamabad. French foreign trade statistics. German GNP (provisional). Spanish trade and current account figures. THURSDAY: Department of Transport issues figures for new vehicle registrations in November. SAARG heads of government hold annual summit in Islamabad (until December 31). FRIDAY: Department of Trade and Industry gives engineering indices production and sales and orders at current and constant prices (October). Department of Energy publishes energy trends (October). US leading indicators (November), single family home sales.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BG Tel: 01-628 7233/5499 Reuters Code: IGIN, IGI0 FT 30 FTSE 100 WALL STREET Dec. 14/59/145 +4 Dec. 1774/1784 +5 Dec. 2163/2173 -2 Mar. 1455/1464 +4 Mar. 1798/1808 +5 Mar. 2173/2185 -3 Prices taken at 5pm and change is from previous close at 9pm

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FINANCIAL TIMES

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Saturday December 24 1988

Santa goes private

THE BRITISH Government's Privatisation of Christmas Bill, which is to be presented to the House of Commons early in the new year, contains much that is of merit, but the balance is not yet quite right. It is reasonable to argue, as the Chancellor of the Exchequer, Mr Nigel Lawson, did earlier this week, that Christmas costs the taxpayer a great deal of money. Civil servants are given days off at full pay. In many services, such as prisons, there is a heavy demand for overtime. In the private sector there are prolonged periods of idleness, in the City, in most factories and on many building sites. There is a hidden subsidy arising from the consequential loss of profit and tax revenue.

The bill sensibly provides that all Christmas leave shall in future be paid for in advance by the individuals who take it. A weekly insurance premium will be collected by the main new company to be created, Santa-Gen. The principle is sound, but it would be more equitable to change this Clause so that the premium could be graduated rather than set at the Government's proposed flat-rate. Either way, the earnings will be paid to the employers of those who choose not to work at Christmas, or to the insured themselves if they decide to remain at their posts. It is hard to argue with the Prime Minister's assertion on Panorama that this provides an extension of freedom of choice for everyone, while at the same time encouraging people to be more industrious.

Hangover insurance

What is not clear is the reasoning behind the decision to give Santa-Gen the monopoly of Christmas day-off insurance. It is true that competitors will be able to bid for Boxing Day and hangover insurance to take those wealthy enough to afford it through to New Year's Day, but the nub of the matter is Christmas. That is where the greatest demand, and the greatest earnings potential, lies. The conclusion must be that Santa-Gen, the Three Wise Men behind the proposed Santa-Gen share-sale campaign, have advised that only a monopoly could justify the "Fill Sid's Stocking with a Big Xmas Surprise" posters that have been designed in anticipation of the bill's passage into law.

This is not an adequate reason for barring competitors from the day itself. Santa-Gen will become wealthy enough from licensing and franchise deals, since it will in future control the use of "Xmas," "Christmas," "Santa," and

many associated trade-marks. Every company using these marks, excepting registered specially exempt charities, will pay a fee for each use. This alone should guarantee an unjustifiably high stream of income to what is already becoming known as "Big Santa." It would have been far better to break up the control of the marks, or perhaps groups of marks, so that smaller companies could bid for them. The argument that French companies, and in particular the rapidly growing Noel internationale, might take over the British Christmas does strike an emotional chord. But the Big Santa monopoly will one day inevitably be disbanded under European Community rules. There are already suggestions that it is in breach of the ancient, first Treaty of Rome, never mind the more recent one. It would be better to take the correct decision now.

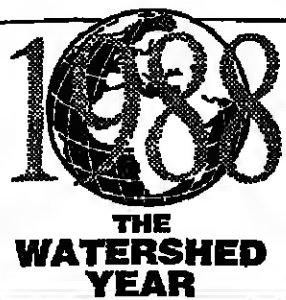
The Government is, however, right to leave open the proposals for mistletoe. On the one hand it would be simple logic to provide jobs for Scotland by giving X's plc to any Scottish agricultural company that bid for it. On the other there is an arguable case for some regulation of the kind of behaviour that the use of mistletoe can lead to can be illicit. It can also upset a large number of decent ordinary people. It is probable that this matter can only be resolved by giving limited regulatory powers to Lord Rees-Mogg. His inspectors could ensure that X's plc did not become XXX plc.

The Labour Opposition's undertaking to establish a Christmas Regulation Office should, however, be reconsidered. The party's leader, Mr Neil Kinnock, has said that he personally is in favour of more freedom of choice for everyone, although he cannot speak for his party. Labour also stands for more industriousness. It is, however, against whatever the Prime Minister says she is for. Yet shareholders in the new privatised companies need not fear that their property will be confiscated by Labour. The intention is to establish control by means of the installation in each plc of a state-held Golden Share.

Caveats on competition policy apart, the bill does represent a sensible step forward in the Government's long-term programme of rolling back the frontiers of the state. It would be prudent, however, to let it settle in and do its work for at least two or three seasons before proceeding to the much larger privatisation of all "public" holidays.

Christopher Parkes on the commercial implications of an ageing population

When the baby boom turned 40



The first wave of the West's post-war baby boom has now exceeded the great divide. By the end of 1988, the children of the first peak years of the UK's post-war surge in births will have celebrated their 40th birthdays. This growing middle-aged spread will be swollen, in Britain and the rest of the West, by millions more during the remainder of the century. Between 1945 and 1960, the West, most notably the US and Britain, was full of babies. There were almost twice as many births as in the previous 15-year span when depression and war stunted population growth.

Since then, the fertility rate, as measured by births per thousand women of child-bearing age, has declined rapidly. By 1970 it had fallen, in the US, from a peak of 140 to around 90, the same as in 1925.

In Britain, according to the Henley Centre for Forecasting, current birth trends could lead to a population decrease, similar to that already affecting West Germany. By the end of the century, there will be roughly 2m more middle-aged people in the UK than now and 2m fewer between 15 and 24.

The bulge of baby-boomers - what American demographers call the pig in the python - moves relentlessly onward through the population's age groups. Discounting war, depression, plague and similar catastrophes, the pattern is set. The shortage of babies and the effects of increased longevity are already exercising those concerned with education,

expected to top 220,000 in the year 2000 - worth £17bn at 1988 values.

The problem haunting sellers and makers, however, is that this 40-plus group is fragmenting as quickly as it is increasing in numbers. Yesterday's teddy boys, beatniks, hippies, mods, rockers, punks, yuppies and the grades in between accept the prospect of middle age and all its associations with as little grace as they have reacted to traditional social disciplines throughout their lives so far.

The clamour for "individuality" and the desire to be different from one's peers will be less strident than in earlier days. But it will, if anything, be heightened by increased affluence.

This is already causing difficulties for manufacturers and retailers. Many have failed to recognize that the concept of the mass market, which has served them so well during the first 80 years of the consumer age, is singularly ill-suited to current and future conditions.

It has been clearly illustrated in the US where the women's clothing market has been in dramatic decline since last summer. Women aged between 35 and 44 simply abandoned the shops in frustration. Numbers in this age group had increased by 10 per cent between 1980 and 1983, while the numbers between 14 and 24 fell 13 per cent.

Faced last year with shorter skirts, frivolous designs and clingy tops from manufacturers ignoring or ignorant of demographic realities, women stayed away.

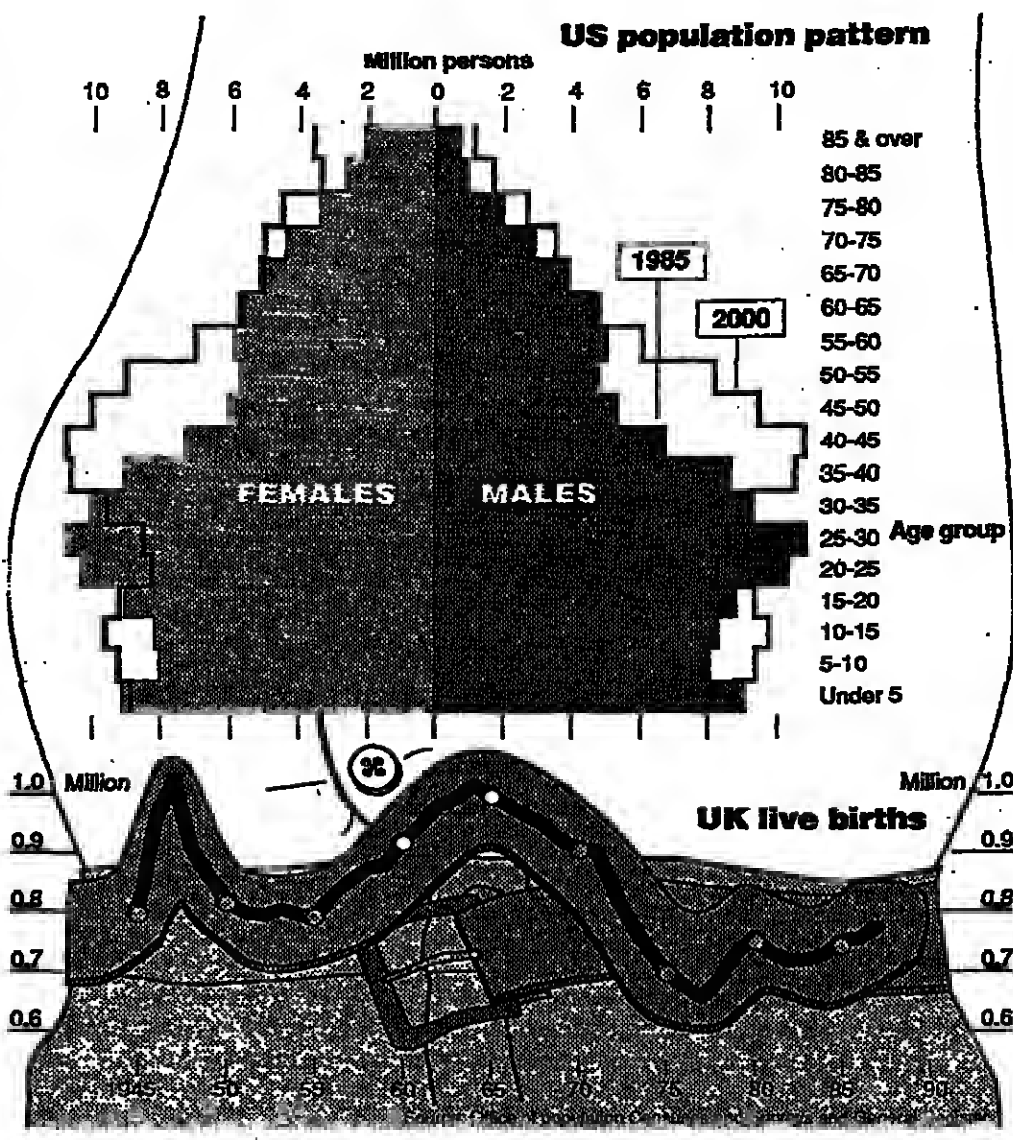
Pondering this thought, and applying it to the UK market, Goldman Sachs, the investment bank, concluded: "Quite simply, there are not enough specialist shops or mail order catalogues targeted at the older market."

It pointed out that such outlets could not be developed and opened in the years when they would perform best; the groundwork should already have been laid. "Why are they all leaving it so late?" Goldman asked.

It also made a point which has yet to sink in in many quarters: "It should never be forgotten that as living standards rise, so the degree by which retail spending can be switched from one area to another is increased. Once you have enough clothes on your back, food to eat and chairs to sit on, it becomes quite discretionary as to where you choose to spend any extra income."

The search for individuality among women, and increasingly among men, starts with the urge to defy the ageing process. This has produced extraordinary growth in the skin care market, with annual sales increases ranging between 10 per cent and 14 per cent in Western markets.

It was no accident that Unilever and Procter & Gamble, two of the world's biggest consumer products companies,



recently spent heavily to buy their way into this business. First, Procter hustled Unilever out of its 1986 bid for Richardson-Vicks, and captured the international Oil of Olay brand. The Anglo-Dutch group took consolation in the Vaseline and Pond's names which came with last year's purchase of Chesebrough-Pond's.

Both companies, long recognised as leading exponents of mass-market management, are already deluging shoppers with any number of variants, line extensions and fresh packaging ideas in a bid to capture as big a share as possible of the \$5.3bn (£2.9bn) world market.

Vast research budgets are spent annually in the hunt for active ingredients which will slow, perhaps stop, and preferably reverse the effects of ageing on the skin. Even vaster promotion budgets - accounting for up to 35 per cent of manufacturers' costs - are spent on backing marketers' claims.

For example, L'Oréal reveals the secret of its Lancôme Système Anti-Age as "Nioxone" - lipid microspheres that are capable of reconstructing the epidermis through biometism."

As Anita Roddick has proved

with her Body Shop chain of skin-care shops, there is a substantial segment of the world's population willing to be persuaded to buy by a claim that the products are not tested on animals. Others are drawn by plain descriptions such as pure, unperfumed, simple, natural and colour-free. A new range of skin care products from Regima Health & Beauty products, a small company sprung from a health supplement business selling royal jelly, comes to market early next year.

The basic plant and technology for the skin-care business is relatively cheap. A market that was once the undisputed domain of international cosmetics houses like Avon and Revlon has thus attracted many new small entrants, as well as the multinational giants.

The cosmetics firms have been hurt largely by their own failure to comprehend that painting over the cracks with conventional make-up does not match the needs of the ageing baby boom. Concentration on the youth market has resulted in ferocious competition and strained margins.

The success of entrepreneurs in the skin care business has been matched or exceeded by

the emergence in the UK of lively food companies. These are seeking to fill the market gaps - created by growing affluence, and the baby boom's demand for differentiation, quality and convenience - left open by the established big companies.

Retailers snatched the marketing initiative from the mainstream food industry almost 20 years ago. Encouraged by them, a new generation of local, regional and national food makers has emerged. Making high-quality, fresh, chilled and frozen ready-to-eat dishes in highly flexible plants, they have stolen a large chunk of the added-value food business from under the noses of the old mass-market food suppliers.

However, the big companies have reacted vigorously. Avana Foods, the brain-child of Dr John Randall and source of much of the Marks and Spencer range so popular among the baby boomers, was taken over by Rank's Hovis MacDougall. Grand Metropolitan, in a break from its transatlantic adventures, took time out to buy Peter's Savoury Products. Campbell, the US multinational, faced up to its lack of success in growing its own UK

frozen foods business and acquired Freshbake Foods for its management and frozen foods technology.

Mike Heron, European regional director of Unilever, reports a similar proliferation elsewhere. "In every country we are in there are small food companies getting bigger, and we may have to step in."

In other food areas, where capital and start-up costs are higher, such as in snack foods, breakfast cereals and soft drinks, the more venerable companies have faced little competition from newcomers. However, they have shown themselves to be much more aware than some of their fellows in other sectors of the demographic pull from the market place.

The leaders in the UK ice cream market, Wall's and Lyons Maid, have prospered in the grown-ups sector, where growth in fancy desserts is approaching 30 per cent a year. Virtually all Kellogg's dozen or so cereal launches in the past three years have been targeted at affluent adults.

Even so, it took Derwent Valley Foods to wake up KP, Smiths, Walkers and Golden Wonder to the market for "adult" snacks. Its Flissies range of fortified corn chips and other snacks has now been imitated by most of its big rivals.

KP, part of United Biscuits, gave away its lack of preparedness in this year's annual review of the snacks market. "Five years ago the suggestion that the crisp market might substantially change its profile would have seemed ridiculous," it said.

But even the most cursory analysis of Social Trends or national census figures might have revealed the future profile of this and any number of other consumer industries. Experience so far suggests the entrepreneurs will continue to harass the establishment, especially in food, clothing, personal products, and niche

Faced last year with frivolous designs from the manufacturers, US women stayed away

retailing. They may also move into areas like furniture and jewellery.

Naturally, the established big companies will fight back with increasing aggression. But it is one thing to take over a successful niche operator or set up in competition, and quite another to handle the new business with the entrepreneur's agility and success. The task is all the harder for those using management and marketing techniques which increasingly seem to belong to another age.

By the century's end there will be 2m more middle-aged people in the UK than at present

Labour markets and the care and funding of the elderly. These factors are also attracting the attention of those making and selling consumer goods and services. The middle-aged youth, as the West Germans say, has arrived.

The prospect is a mouth-watering one. The bigger the group grows, the richer it becomes as its parents die. More than 150,000 homes were inherited this year in the UK as the founding fathers of the property-owning democracy shuffled off, and the tally is

The last time I met Ronald Lee he made me don a Margaret Thatcher mask in the back of a van in Leeds. The eye-holes had been taped over so that I could not see where I was being taken. The idea was that members of the Animal Liberation Front (ALF) would display their cache of explosives at a secret hideout. In fact there was only two or three young men and women wearing combat jackets and Balaclava masks. All they had was a set of industrial bolt cutters. There was no cache.

They used to set fire to things then, sure enough, but that was before they started planting incendiary devices. The ALF is silent these days when incendiaries are found in department stores. Only one call claiming to be from the group was issued this week, and that related to a single incident in the latest spate of attacks on department stores nationwide.

Incendiaries are nasty little gadgets with built-in timers. The size of a cigarette packet, they can easily be stuffed down the side of a sofa in a large department store. The effect can be devastating.

One device caused damage estimated at £200,000 when it activated sprinklers in Rackhams department store in Sheffield in December 1988. A similar device may well be found to have destroyed Dingles, the House of Fraser store in Plymouth, earlier this week. Incendiary bombs were found in eight other stores, six of them in the House of Fraser Group.

Coincidentally, a letter written by Lee from his prison cell - in February last year he was given a 10-year jail sentence by a Sheffield court for conspiracy to commit criminal damage - was published in Liberator, the magazine of the British Union Against Vivisection.

The letter said animal liberation could not be achieved through political campaigning and public education alone. Direct action was the third tactic. "By direct action I am specifically talking about sabotage of the animal abuse industries by causing damage to property."

MAN IN THE NEWS

Ronald Lee



Animal rights advocate who urges sabotage

By Richard Donkin

Lee, 37, has been expounding this theme for 16 years, in which time thousands of actions, from the smashing of butchers' shop windows to the incendiary bombing of high street stores, have run up huge repair bills.

Three years ago, when I first met him, Lee, a diminutive, bearded man with gold-rimmed spectacles perched on a snub nose, looked every inch the Marxist/Leninist/Anarchist/Politico he surely had to be. In fact, he has always rejected labels and, with his rather tatty Beanie cap, looked, on second thoughts, more Lennonist than Leninist.

Unemployed and unmarried, he was living in a Shepherd's Bush bedsit and was running the ALF direct action campaign from offices in Hammer-smith, using the name Independent Tax Advisory Services - a typical ALF joke, like the

Thatcher mask. Money for actions and newsletters was provided by subscriptions from about 1,200 non-active supporters who paid £24 a year membership.

Before imprisonment Lee toured the country, organising activists in ALF, which he established with five others in 1972. All were disillusioned members of the Hunt Saboteurs' Association. Hitherto they had been attending fox hunts with placards, but had little success in making their protest felt.

To begin with they called themselves the Band of Mercy after a 19th century militant group. Early actions were confined to vandalising bunt property the night before a meet.

A former grammar school boy from a middle class Stevenage home, Lee had been studying for a career as a solicitor. But that was irretrievably put behind him when he was given a three-year jail sentence in 1974 for a string of offences, including the burning of sealing boats in the Wash.

With remission, he was released in time to be jailed again in 1977, serving eight months of a 12-month sentence imposed for stealing laboratory mice. Now established as the guru of the direct action movement, he set himself up as the spokesman of the newly named ALF. He argued that if the movement - his companies where it hurt most - in their pockets - it could make business in the meat and fur trades unviable. He is a committed vegan (rigorous vegetarian), as are all his most ardent followers.

One of his most effective coups was a hoax in the lead-up to Christmas 1984, when the ALF claimed to have

poisoned Mars Bars. Two contaminated bars were sent to the BBC but were found on shop shelves. The news coverage confirmed the ALF as a publicity-conscious group committed to action in place of rhetoric.

The police were so concerned that the Association of Chief Police Officers established liaison officers for animal rights incidents in each of the forces in England and Wales. The CII intelligence unit at Scotland Yard created a national file of animal rights incidents.

The following January petrol bomb attacks were launched against the homes of scientists said to be connected with vivisection. Mr David Mellor, then the Home Office minister whose brief covered animal experiments, was threatened with "drastic personal attention."

In the meantime, Lee wrote in the ALF newsletter: "If animal abusers are going to use weapons, then, in order to save the animals, animal liberationists may have to go armed with at least equivalent weapons. And animal abusers must be shown that, if they violently attack animal liberation campaigners, then they will be given double back."

Lee's conviction for conspiracy and the subsequent trial and conviction of his successor, Robin Lane, in Wales earlier this year, have driven the extremists further underground. Up to this week actions were on the wane as was popular support.

An organisation called the Federation of Animal Rights Groups surfaced briefly last year, fronted by one of Lee's associates, Roger Yates, who is still on the run after absconding while on bail at the Sheffield trial where he was sentenced in his absence to four years' jail.

The police uncovered a bomb factory in a Sheffield house, but by the time of the trial, according to Lane, 1,000 sets of simple bomb-making instructions had already been distributed.

Lee, meanwhile, is hiding his time in Long Lartin jail, Worcestershire.

Which company

- ...is re-building Reading Station?
- ...is selling luxury flats in Wimbledon?
- ...is hiring specialist plant nationwide?
- ...is working on oil rigs around the world?
- ...is providing computer personnel in Australia?
- ...has put the whole of the Electoral Register onto a computer data base?
- ...has provided share information offices for British Airways, Rolls Royce and British Airways?
- ...has despatched 75 million pieces of mail in the last year?

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كنا من الاصل

Money I can't speak for the other directors, but I don't hold many shares because I am a poor man. And I'm poor because I've been married three times.

'If I turn out to be particularly clear, you've probably misunderstood what I said'

BUSINESS QUOTES OF THE YEAR

1992 In the next 10 years, probably half of all the companies in Europe will disappear or form part of different groupings. Probably more than half the factories will disappear.

seems more serious about rationalisation than many European countries. Mr Jack Hennessy, chief executive of Credit Suisse First Boston

Construction of the United States was the last great creative innovation of the Europeans. Mr Carlo de Benedetti, chairman of Olivetti

Chutzpah I will not rest until I have done everything possible to secure the return of our funds to our clients and know what the real reasons are for what has happened.

Management Excellence isn't. There are no excellent companies. Mr Tom Peters, guru, in his latest book, Thriving on Chaos.



There's a new breed of person coming up - the likely lad. You see it in the City, and everywhere. It's no longer Mr Heathcote-Smythe's son who's getting the job.

Famous last words Never. If I had obtained the stock, I wouldn't show up before you like this.

Mr Peter Furbush, in a letter to the FT. We should be husbanding the future for them (our children) not selling it to gratify our greed today.

Capitalism If you get some down times (in the food business) the only thing that is going to hold you, preserve you, is the integrity of the balance sheet.

By 1992 all the good-looking girls on the dance-floor will have partners.

Insights British banks do not require on average collateral four times the sum borrowed.

My terms of reference require me to investigate and establish the facts, not to express any judgment or opinions.

I'm not a fallen star. I'm still confident I will be there.

I sell enthusiasm. Mr Silvio Berlusconi, Italy's king of commercial television.

Of course. That's business. Mr Michio Watanabe, rising star in the LDP.

Mr Ross Johnson, chief executive of RJR Nabisco.

Farming protected Sir, Once again farming shows itself to be the most pampered and protected industry in the country.

Letters May I propose a New Year resolution...? On October 26 I sent a direct debit authority to British Gas to upgrade a central heating service contract.

Impact of tax on family companies Sir, I was interested in Michael Prowse's article. The truth about tax cuts (December 2) I have been involved in taxation work since about 1987.

'Tis like a camel, indeed From Mr C.G. Mattingley. Sir, Lucia van der Post (Weekend FT, December 10) draws readers' attention to the splendid pair of Victorian benches incorporating a camel motif.

SIB's life assurance proposals From Mr Brian Taylor. Sir, It seems absolutely unbelievable to me that the Securities and Investments Board (SIB) has taken the route it has.

ADVERTISMENT BUILDING SOCIETY INVESTMENT TERMS Product Applied rate Net interest rate Minimum balance Access and other details

From Mr R.F.H. Crabb. Sir, Once again farming shows itself to be the most pampered and protected industry in the country.

From Mr E.G. Wood. Sir, Michael Prowse (Lombard, December 16) may be right about the problems of the relatives of those who died.

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UK COMPANY NEWS - THE GEC-SIEMENS BID FOR PLESSEY

Realising the need for collaboration

Terry Dodsworth looks at the limits of the links forged between GEC and Siemens

THE GEC-SIEMENS bid for Plessey hinges on collaboration in three main areas - telecommunications, defence electronics and semiconductor.

As yesterday's offer document made clear, the two companies feel that in all three of these markets there is an increasing need to think, invest and market on a European scale.

The driving force behind this kind of restructuring is both technological and political. On the technology side, the high electronics-based companies are coming up against funding problems because of the size and speed of development of the markets in which they are involved.

In military electronics, for example, some of the latest radar projects are too complex and costly to be tackled by virtually any of today's companies. And in telecommunications, historically an industry where products had a long life-cycle, software-based equipment is now changing so quickly that companies need much larger markets than they did in the past. Only with these broader markets are they able to generate paybacks sufficiently quickly to fund the next range of products.

Politically, of course, the pace of change is also being intensified by the EC's moves to eradicate trading barriers by 1992.

This trend represents both a threat and an opportunity for the big groups such as Siemens and GEC. On the one hand they will be more vulnerable in their home markets, where they have been sheltered by accommodating governments in the past; on the other, they should be able to expand overseas more freely than in the past.

These changes in the environment go well beyond the fields on which GEC and Siemens have chosen to concentrate in their joint bid. Hence the intention of why they are likely to try to collaborate in other sectors where either one or the other, or even both,

have an interest. These include such areas as medical electronics, office systems, automotive electronics, metering, petrol pump electronics, and domestic appliances.

The two companies seem to be keeping their options open in these areas. They already have an effective joint venture in the field of lighting, with the Osram electric bulb business - an activity which, according to Siemens, sparked the first talks on a more extensive collaboration agreement. Executives indicated yesterday that there could eventually be other opportunities for co-operation, but for the time being both companies want to concentrate on the Plessey bid.

Indeed, the desire for continuing freedom of action in each of them could hardly have been more clearly underlined than in two events over the last two weeks.

In one of these, Siemens has taken over Rolm, the US private office switch manufacturer, in a deal with IBM which will leave this part of the West German company's business clearly differentiated from the agreement with GEC.

In the other, GEC is merging its power generation operations with Alsthom Atlantique in France, a transaction about which Siemens knew nothing until it was signed.

INFORMATION TECHNOLOGY

Blend of data skills points to advance in systems integration

INFORMATION technology, by virtue of its all-pervasive nature, has swiftly become a bewilderingly broad canvas, with mainframe computers and peripherals on one extreme and office systems at the other.

Major electronic players like GEC and Siemens, have of necessity profound skills in the methodology of information technology, but they are far from comprehensive information technology suppliers.

It seems to be too much for any one group, however powerful, to cover the IT waterfront, except through marketing agreements and co-operative deals with software houses and computing services companies.

The key areas where GEC and Siemens could take advantage of their complementary skills are computer hardware, computer software, office systems and systems integration.

Both companies see themselves as systems integrators, information technology specialists with the broad range of skills necessary to build or buy the appropriate hardware and software and put them together to solve their customers' problems.

Siemens, for example, said it was not at all its most competitive when simply selling computers; its chief aim was to offer a complete solution. Nevertheless, Siemens has over the years built itself up to the number two position in Europe in computers - behind international Business Machines but ahead of Digital Equipment.

It offers a full range of machines from mainframes to personal computers, but its



Sir John Clark, Plessey chairman

for the UK Prestel service. Indeed, GPT, now the UK's only indigenous telecommunications manufacturing organisation, absorbed many of the activities within GEC which could be categorised as information technology, including networking and video-conferencing.

GEC still retains ownership of AD Dick, the US electronic office equipment vendor which has carved out a useful niche for itself in the supply of "Videojet" ink jet printers used for printing laser-readable barcodes on retail goods.

Heavily used by mailing houses, the printers are said to have the biggest share of the US market for bar-code printers. Dick also supplies and services copiers and "pre-press" plate-making equipment.

There could therefore be useful synergy between GEC and Siemens in the printing area, as Siemens markets both line and page printers for the professional data processing market - its 3352 model will print a maximum of 146 pages a minute. The company is thought to be world leader in laser printing technology.

Both companies have extensive software expertise, but it is chiefly directed towards systems software which controls and facilitates the operation of the computer rather than applications "packages", generalised software designed for tasks such as accounting or payroll.

Siemens, indeed, has just signed a 12-year agreement with Tetra Business Systems, a UK software company, to market worldwide its range of business software under license.

GEC has a subsidiary, GEC Software, which concentrates on software engineering that is, the design and construction of software which helps programmers and systems analysts to develop software in a more scientific systems software which uses approaches widespread today.

It also has a subsidiary called GEC Computer Services which markets applications software packages.

Both companies have substantial expertise in bespoke software, especially the "embedded" kind, written into semiconductor chips as part of control systems. These are used extensively in the defence and industrial automation areas.

Siemens is particularly strong in "expert systems", an advanced software technique which gives computers the apparent ability to reason like a human being.

According to the Ovum consultancy, it has more expert systems than any other European company with over 40 projects and up to 200 professional staff involved. Its systems are chiefly being developed for internal use.

On balance, Siemens brings to the party its strengths in commercial computer systems, Unix technology, laser printing and artificial intelligence; GEC its skills in software engineering, ink jet printing and its powerful position in the UK electronics market where Siemens has been traditionally weak.

Alan Cane

TELECOMMUNICATIONS

A chance to move ahead in the global market race

TELECOMMUNICATIONS is one of the main targets of the proposed merger for three reasons.

First, this is a huge industry, with worldwide sales now hovering around \$100bn a year, expanding at an annual rate of some 8 per cent. Second, it is a sector undergoing rapid transformation, with manufacturers being forced to aim increasingly at international rather than national markets. Third, a race has begun for larger-scale manufacturing and more advanced technology.

This mixture of market opportunities and cross-border competition has already provoked a wave of structural changes among producers. In North America, Northern Telecom of Canada has emerged as a strong competitor to American Telephone and Telegraph (AT&T) in the US; in Europe, Alcatel of France has taken over SEL, the former ITT company in West Germany; in the UK, GEC and Plessey earlier this year merged their activities into the jointly-owned GPT group; and NEC of Japan is steadily expanding with a variety of products.

Bringing GPT together with Siemens' telecommunications subsidiary could create one of the largest companies of its kind in the world.

AT&T and Alcatel, with sales of around \$13bn each, currently dominate world equipment sales with their respective strengths in the US and Europe.

Siemens is the next largest company with sales of around \$5.4bn, followed by a cluster of manufacturers in the \$2bn-\$3bn range. These include Northern Telecom, Ericsson of Sweden, NEC and Fujitsu from Japan, and GPT at the bottom end of the range.

SEMICONDUCTORS

Link-up will create Europe's second largest microchip group

ONE OF the most intriguing long-term issues in the proposed link-up of GEC, Siemens and Plessey is the impact this would have on the European semiconductor industry.

GEC has always been a marginal player in microelectronics, a business dominated by violent swings in demand and profitability. But both Siemens and Plessey have over the last few years committed themselves to a policy of long-term investment in semiconductors to provide key components for the rest of their electronics activities.

If all these businesses were pulled together, they would create the second largest chip manufacturing group in the European market. According to Dataquest, the market research organisation, the combined European sales of the three companies in 1988 will be around \$600m (£444m), with Siemens providing \$571m, Plessey \$186m, and GEC \$53m.

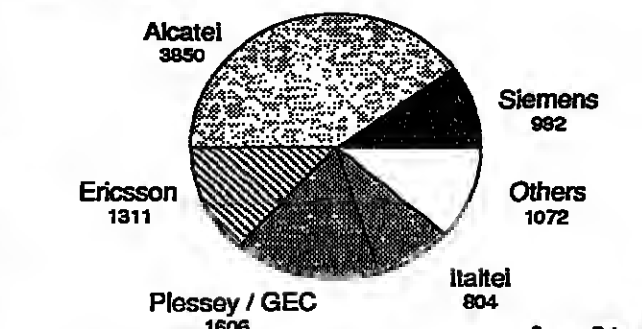
Last year, only Philips, the Dutch electronics company, sold more semiconductors in western Europe, with revenues just over the \$1bn mark. SGS-Thomson (ST), the Italian-French group formed about 18 months ago, had \$650m of sales in western Europe (ST, on the other hand, is a larger company overall than the proposed new group, with worldwide sales of about \$1bn).

Although it is not clear how Siemens and GEC would combine the three operations, bringing them together could be the answer for survival in this sector - more resources to cope with the demands of research and development, and the need for a wide geographical market spread.

Also, many believe that as the sector matures medium-size companies will be eliminated. This thinking led to the deal between SGS and Thomson, the takeover of General Electric's semiconductor activities in the US by Harris, the purchase of Fairchild in America by National Semiconductor,

European public switch market 1987

Total shipments = 0.6 million



Estimating the size of the proposed new group, however, is complicated by the fact that the partners are aiming to concentrate their efforts mainly on the market for big public telephone exchanges.

Siemens, for example, runs its private telephone exchange division, the second biggest in Europe, quite separately, along with its data transmission activities.

So what would the increased collaboration with GEC achieve in terms of competitiveness? A number of factors come into play here, leading to interminable arguments about the value of such an international alliance.

Large telephone exchanges, the switches that control the telephone networks run by companies such as British Telecom and the Bundespost, represent an expensive, long-term commitment by the operating groups.

Once a decision has been taken to install one type of switch, it is virtually impossible to change course because of the expense of doing so. Hence some analysts contend that mergers will not help manufac-

turers to rationalise their switch production activities. There is not much difference in size between the two companies' switching activities. This has led some analysts to argue that either company might do a better deal by linking up with larger switch producers - AT&T, Northern Telecom, or Alcatel.

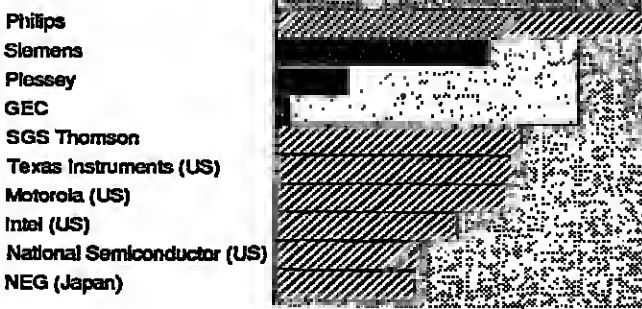
On the other hand, figures produced by the Dataquest consultancy indicate that the combined group would be a formidable force in switching. Outside Europe, however, Siemens has a strong presence in a variety of markets, including South Africa, a number of South American countries, Austria, and the Far East.

Critics also argue that the merger proposal is centered on switch technology, which may not be so important in the next generation of telecommunications equipment. This suggestion is highly speculative at present. But the two putative partners could argue that they would be well placed after a merger whichever way the market went, since they have a broad base of all the alternative technologies.

T.D.

European semiconductor market 1988

US\$m



and Plessey's absorption of Ferranti's microelectronics division.

GEC, however, has remained stubbornly wedded to a small market niche in highly-specialised semiconductors for use in tough environments such as space and defence weaponry. Plessey and Siemens, meanwhile, have been spending heavily on new plant and design techniques, believing they need the most up-to-date semiconductor technology on which to build the rest of their electronics activities.

Siemens has poured most of its efforts into an international collaborative project with Philips in the field of memory semiconductors. These are the commodity products of the chip industry, but because they are relatively simple in design, and produced in vast volumes, manufacturers typically develop new production techniques to make them. Hence Siemens' strategy of investment in this area to catch up with Japanese technology, and then use its more intricate specialised chips.

Siemens increasingly needs these specialised semiconductors for its other activities such as medical electronics, factory automation and controls and computer and office systems. It is also increasingly pushing into automotive electronics.

T.D.

DEFENCE

Search for markets to spread R&D costs

THE WORLDWIDE defence electronics market is unlike any of the other large sectors in the electronics industry because it is so heavily controlled by its paymasters - the governments which order and largely fund all new weapons systems.

Yet despite this emphasis on the maintenance of independent, nationally-organised industries, defence electronics has been coming under similar pressures to those faced in other protected markets such as telecommunications.

As products become increasingly dependent on semiconductor-based equipment and software, expenditure on research and development is increasing, and that in turn is leading to a search for more markets over which to spread the costs.

Both GEC and Plessey have been pursuing a policy of international expansion quite aggressively over the last two years. In a series of deals, they have consolidated their positions in the US market, which accounts for about half the sales of electronic defence equipment in the world. They appear to have had similar aims: to acquire companies which gave them access to a broader customer base; expanding the range of technology at their command; or choosing partners where they could inject technology already developed in Britain.

The agreement with Siemens seems designed to fit into this pattern in two ways. First of all, it would give the combined

group much increased access to the West German and continental European markets.

Mr Jochem Mackenrodt, head of Siemens' weapons department, said yesterday that European defence contracts in the future would increasingly hinge on being able to bring into play large groups with interests spanning national frontiers.

Mr Jochen Mager, head of Siemens' defence department, said yesterday that European defence contracts in the future would increasingly hinge on being able to bring into play large groups with interests spanning national frontiers.

Even though there would be significant independence between the UK and West German operations in the proposed new group, there would be contact and perhaps some collaboration on components, he indicated.

In terms of size, the combination of GEC, Plessey and Siemens would still probably be smaller than Thomson in France, the leading European defence electronics contractor with sales of \$5bn a year. But it would be the second largest group of its kind in Europe, despite the merger moves in West Germany to bring together a group around Daimler-Benz. The highest part of this operation will be AEG, which has sales of about \$770m a year.

These European companies are facing even larger groups across the Atlantic, where the industry is led by Hughes, General Electric, Raytheon and Westinghouse.

This relates to the second point in the strategic thinking behind the bid for Plessey, which is to develop still further in the all-important American market.

Expansion in the US, the Europeans believe, demands a manufacturing base in the country. Once this is established, they are hoping to channel more of their technology into the market.

Here, the major part of the potential for growth would come from GEC and Plessey, rather than Siemens, which apart from its military telecommunications division has mainly been involved in "Germanising" US technology in the past.

Both of the UK groups have plenty to offer in the fields of radar, communications and, in the case of GEC, avionics electronic products for aircraft cockpits.

In all of these fields they have some tough US competitors. Plessey has been convinced that it could go it alone against them, particularly with its sophisticated radar equipment. GEC's argument is that there is more safety in numbers.

MEDICAL ELECTRONICS

Ensuring the health of Picker through a link with Siemens

BOTH SIEMENS and GEC have achieved genuine international status in medical electronics, a field dominated by a handful of large players deeply entrenched in the US, Western Europe and Japan.

Siemens' biggest strength, however, is in its domestic market in West Germany, a strong base for a medical company because of the Germans' high rate of spending on health. GEC, by contrast, is heavily biased to the US, where Picker, taken over in the late 1970s, is the main rival to General Electric of the US.

GEC has clearly signalled that it would like to see Picker grow considerably larger than its present annual \$660m (\$366m) turnover through some kind of deal with other companies in the business.

Indeed, the company came very close to establishing itself at the top of the league of world players a year ago, when it almost completed a merger of Picker with the medical electronics business of Philips of the Netherlands. This deal fell through on the final lap because the two companies could not agree on the terms of the deal. The industry anticipates other rationalisation moves, since the logic behind the talks is still relevant.

The driving force behind the proposed merger was the growing cost of research and development expenditure in medical electronics.

At present, the main bread-and-butter activity is in X-ray equipment, which accounts for about half the world market. But in the last few years more exotic technologies have been gaining ground, including computerised tomography (which uses computers to analyse X-ray pictures), and more particularly, nuclear magnetic resonance (NMR).

NMR is probably the most important development in imaging equipment since the invention of the X-ray. It is capable of giving high quality pictures of the internal workings of the body; and it does so with what is regarded as an inherently safer process, since it works by enveloping the body in a magnetic field rather than by firing radiation at it.

The development of NMR, however, has underscored the pressures of maintaining a strong technological base in the medical electronics field. Current generation machines cost around \$2m each. But since the technology is largely available in defence electronics, it is not so hard to argue that it is a waste of money to produce lower-priced

T.D.

POWER STATIONS

Underlying synergies in GEC's French connection

THERE ARE two ways of looking at the deal, announced on Thursday between GEC and the Compagnie Generale d'Electricite of France which merges their power station, rail and industrial automation equipment interests.

On the one hand the product and marketing spread of the new company, which will have sales of \$4bn and 85,000 employees should allow GEC and CGE to compete with greater strength in a market increasingly dominated by big groupings, particularly in power engineering.

On the other, it looks as if it could be a step in the dismantling of GEC. Into the new company GEC is contributing activities worth only \$4,000m of its 157,000 employees, and which accounted for £1.5bn of its \$5.9bn turnover last year.

But the new company will have its operating head office in France and the new company's head office will be in the hands of Pierre Desgeorges, chief executive of Alsthom Atlantique. This is the CGE subsidiary which is being put into the jointly-owned venture.

In the face of it, the new French-British combination makes sense in terms of products and the different geographic markets into which the two companies have traditionally sold.

It will be the largest power generation equipment business in the EC, probably still smaller than Asea-Brown Boveri (ABB) but larger than Siemens and Italy's Ansaldo.

Also this year Alsthom took a 45 per cent stake in the energy division of MAN of West Germany and majority control of ACEC, the Belgian control of AEGEC, the Belgian energy and rail equipment business. It gave up majority control of diesel engine building in another joint venture with MAN.

GEC has just linked up with Westinghouse of the US in nuclear power engineering but this is being kept out of the deal with CGE as is CGE's stake in Framatome, the French nuclear station builder.

About 80 per cent of the

Medical Electronics

GEC/CGE	\$2.2 bn
Siemens	\$1.9 bn
Philips	\$1.25 bn
Toshiba	\$1.00 bn
Picker	\$0.65 bn
Hitel	\$0.50 bn

machines that will gain them entry to the mass market; and at the same time they are trying to expand their market base to offset more of the cost of research and development.

These pressures led last year to the acquisition of the CGE division of Thomson of France by General Electric, the diversified US group. This gave GE clear leadership in the medical electronics industry worldwide, with well over \$2bn sales. Siemens, however, is not far behind, with turnover in the region of \$1.9bn, while Philips is estimated to have sales of about \$1.2bn.

A new challenge is emerging to these established companies from Japan in the shape of Toshiba, which has revenues in this field of around \$1bn, and Hitachi, with sales of about \$600,000. As yet, the Japanese are not major players outside their own domestic market. But their growing presence is yet another stimulus to more consolidation in the European and US markets.

These trends have inevitably led to continuing speculation over the future of GEC's Picker. Given that the company failed to reach agreement with Philips, the argument runs, it will now try to do a deal elsewhere; and Siemens looks like an appropriate partner, even more so in the wake of the proposed collaboration in the bid for Plessey.

Such a combination would clearly produce a more broadly-based marketing company, with strong positions in both the US - which accounts for about 45 per cent of world sales - and Western Europe.

Analysts say there would be more overlap in the product portfolio than there would have been in the case of the proposed Picker/Philips merger; but the arguments about product development, and the need to cut production costs in the face of intensifying price competition, remain true.

T.D.



Lord Weinstock, GEC managing director

businesses GEC is contributing are in power generation and distribution. There is bound to be some significant rationalisation cuts.

However, in power engineering there are some market and product niches through which Siemens can in France. GEC makes gas turbines up to 60MW whereas Alsthom goes from 60MW to 200MW suitable for small power stations.

Alsthom is not in low voltage switchgear whereas GEC is but Alsthom has hydro power technology, including hydraulic turbines.

In industrial controls and automation, both companies are much smaller than Siemens. But in rail equipment, including locomotives, Alsthom is the second biggest European supplier after ABB. It is bidding to build high-speed trains for Spain, with the supplier for that contract due to be announced late last night.

GEC has traction desels to add to this business and is currently bidding for British Rail Engineering, the rail equipment builder.

Nick Garnett

ICS health rough Siemens Medical Electronics

CGR \$2.2 bn ... \$1.9 bn ... \$1.25 bn ... \$1.00 bn ... \$0.60 bn ... \$0.50 bn

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Ansbacher rapped for delay on Avdel share buy

By Nigel Tait

THE TAKEOVER Panel, the City's watchdog on bid activity, yesterday rapped Henry Ansbacher, advisers to US-based Banner Industries in its bid for UK fasteners group, Avdel, for a delayed announcement of market purchases above the offer price of 80p a share two weeks ago.

The purchases, which took place on December 12, triggered an increased offer of 88p. This has since been overtaken by a recommended 92p a share bid from Textron, the large US conglomerate.

Yesterday, Textron posted its formal offer document for Avdel, in which it claimed control of 43.1 per cent of voting rights (as enlarged by some 1.73m new shares, following the planned exercise of directors' share options). This compares with the 42.7 per cent owned by Banner (on a similar, fully-diluted basis). Textron is also understood to have acquired a small number of Avdel shares yesterday.

The Panel statement said that Banner's share purchases took place at 8.38am, but that no announcement was lodged with the Stock Exchange until 9.28am - a breach of Code requirements that an immediate announcement be made.

Henry Ansbacher acknowledged this "unintentional breach" but maintains that Banner's brokers started buying somewhat earlier than planned. The delay, he said, came in getting the necessary approvals for a statement from its client and lawyers.

The Panel went on to rule that the market did not appear to have been materially disadvantaged by the delay and will not, therefore, take further action. It also decided that this tardiness had not contributed to any delay in Avdel's subsequent statement that it was in "white knight" talks.

In the Textron offer document, Mr Nigel McLean, chairman of Avdel, argues that the company will have "a secure and prosperous future" as part of the US group. Despite Banner's protestations, he says the problems of obtaining control have been carefully studied and "there are no grounds for believing that Textron will fail to obtain the necessary acceptances for its offer."

Mr Laurence Goodman, chairman of Goodman International, the privately held food processor, has built up a 7.9 per cent stake in Unigate, the food, dairy and distribution group, through a private investment company.

The disclosure came a few hours after Unigate made public that it had found that the private investment company held a 4.7 per cent stake, after it had issued a notice seeking share disclosures.

Speculation over a possible takeover bid has hovered over Unigate for some time. Its share price closed last night at 331p, up 1 1/2p.

Goodman International, one of Ireland's largest privately held companies, controls 69 per cent of Food Industries, a publicly quoted food processing company.

For a "nominal" consideration Mr Goodman has granted to Food Industries an option to purchase all or any of the 7.9 per cent stake, along with any other shares in Unigate which he may acquire.

Appletree puts up a 'for sale' sign

By Nigel Tait

APPLETREE Holdings, the fresh produce supplier that is 24 per cent-owned by British & Commonwealth Holdings, yesterday put a 'for sale' sign over the company.

It said that shareholders speaking for 70 per cent of its shares - including B&C and Mr David Johnson, who recently stepped down as Appletree's chairman - had informed the board that they would be willing to consider offers. The board, which has appointed S.G. Warburg to advise, added that it has received a number of preliminary approaches, which could lead to an offer being made.

Yesterday, Mr Maurice Webb, the new chairman and chief executive, said that management was also looking at the possibility of making its own offer - although this idea was still tentative and not being actively pursued.

Since Mr Matthews headed a management buy-in to the business in early 1985 it had incurred losses, and had two rights issues. He said the balance sheet was now sound.

The chain has been pared down to 40 stores, of which 8 are trading under a new format, including a "food-to-go" counter which was helping to increase the gross margin.

Before exceptional losses, the trading deficit was \$1.1m, down from \$1.6m, on sales of \$10m (£11.3m).

Mr Peter Matthews, managing director, expected the second half to show little improvement over the first but was more hopeful for next year.

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UK COMPANY NEWS

SE suspends BOM shares at 2 1/2p over rights issue

By Vanessa Houldier

THE TANGLED tale of BOM Holdings took another twist yesterday when the Stock Exchange unilaterally suspended trading in the shares of the loss-making oil exploration and retailing company.

The highly unusual move highlights a flair for controversy rarely absent from BOM's dealings over the last 15 years.

It came just a hour before the start of an extraordinary general meeting scheduled to approve a 216.4m rights issue.

For the 50-odd shareholders who travelled to London's New Connaught Rooms, the meeting proved short and rather uninformative.

Mr Michael Lucas, chairman, told the gathering that the Stock Exchange had telephoned him at 6.30pm on Thursday to insist on the adjournment of the meeting.

While the officials sought further information on the rights issue document, Mr Lucas said his protests at this move had been expressed "reasonably forcefully".

He complained: "Why did they not ask these questions when they were going through the tortuous approval process?"

After a handful of questions - one of which elicited the unwelcome news of the suspension - shareholders agreed to adjourn the meeting until 11.00am on January 5.

It is unusual for the Stock Exchange to change its mind about a rights issue document at such a late stage. It seems likely that its concern lay in the broad sweep of BOM's plans rather than the fine print.

In particular, questions are likely to be asked about the reorganisation of BOM's oil interests.

Slimmer Cullens cuts back first half losses

By Maggie Urry

CULLENS, the ailing convenience food stores chain, has announced reduced losses in the six months to August 28. The shares closed unchanged at 61p.

Before exceptional losses, the trading deficit was \$1.1m, down from \$1.6m, on sales of \$10m (£11.3m).

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Cifer £0.2m in the red

By Vanessa Houldier

With second half losses of £158,000, Cifer, USM-quoted electronics company, announced a loss for the year to September 30 of £205,000, as forecast. Last time there were profits of £231,000.

Cifer has undergone a period of rationalisation, and in August announced a refinancing package to raise £2.5m.

The directors now say it will take time to reverse the restrictive effects of the previous debt burden which Cifer carried. The necessary steps were being taken, they said, with prospects of a considerably improved performance in the second half of 1989.

Turnover fell to £2.98m (£4.29m). Losses per share were 1.19p (1.47p earnings).

The following securities have been added to the Share Information Service: Fairway Group (Section: Engineering); Kays Chemists 7.5p (Net); Cm. Rd. Pf. (Stores); New Zealand Investment Trust (Investment Trusts); C. Cav. Rd. Pf. 2003 (Industrial); Tomkins 6.25p (Net); Cm. Cav. Rd. Pf. (Industrial).

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Eastbourne's £15m value

By Vanessa Houldier

THE AGREED bid for Eastbourne Water Company launched yesterday by SAUR Water Services, a subsidiary of Bouygues, the French construction and service group, values the statutory company at only £15m.

Unusually, Eastbourne has only one class of voting stock. The SAUR offer is £30 for each £1 nominal of 4.9 per cent consolidated ordinary stock, with a loan note alternative.

SAUR has already received irrevocable acceptances representing 33.56 per cent of the voting capital, including 3.28 per cent belonging to directors, and a 28.71 per cent stake held by Equity and Law Life Assurance Society.

Separately, Biwater, a private British water contractor, announced it had acquired a 22.3 per cent stake in Bourne-mouth and District Water Company. Biwater already controls East Worcestershire Waterworks, following an agreed bid by Biwater and East Worcestershire's management, and holds 25.19 per cent of West Hampshire Water Company.

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Nordic offer unconditional

By Vanessa Houldier

F and C Eurotrust's £5m offer for Nordic Investment Trust, which took the form of a share swap with an underwritten cash alternative, has been declared fully unconditional.

By Thursday afternoon, valid acceptances had been received in respect of 12.6m Nordic shares (89.93 per cent).

Which shares already owned by F and C, raised the bidder's total control to 94.92 per cent.

The cash alternative was closed on Thursday. Shareholders opting for cash will receive 68.53p for each Nordic share.

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Goodman discloses near 8% interest in Unigate

By Lisa Wood

MR LAURENCE Goodman, chairman of Goodman International, the privately held food processor, has built up a 7.9 per cent stake in Unigate, the food, dairy and distribution group, through a private investment company.

The disclosure came a few hours after Unigate made public that it had found that the private investment company held a 4.7 per cent stake, after it had issued a notice seeking share disclosures.

Speculation over a possible takeover bid has hovered over Unigate for some time. Its share price closed last night at 331p, up 1 1/2p.

Goodman International, one of Ireland's largest privately held companies, controls 69 per cent of Food Industries, a publicly quoted food processing company.

For a "nominal" consideration Mr Goodman has granted to Food Industries an option to purchase all or any of the 7.9 per cent stake, along with any other shares in Unigate which he may acquire.

A spokesman for Mr Goodman said: "This is a strategic investment in a major international food group which we believe is a sound long-term investment."

In the market the suggestion was that Food Industries might be interested in parts of Unigate's activities should there be a full bid for the group, and its stake would give it a seat at the negotiating table.

MARKET STATISTICS

LONDON RECENT ISSUES										
Issue	Amount	Last	High	Low	Stock	Issue	Amount	Last	High	Low
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

EUROPEAN OPTIONS EXCHANGE									
Series	Vol	Sett	Vol	Sett	Vol	Sett	Vol	Sett	Vol
GOLD C	5280	10.50	230	22.50	11	-	-	-	5.418

BASE LENDING RATES									
Bank	Rate	Bank	Rate	Bank	Rate				
ABN Bank	13	City Merchants Bank	13	Midwestminster	13				

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS									
Index	Day's Change	Est. Div. Yield (%)	Gross Div. Yield (%)	P/E Ratio	Index	Day's Change	Est. Div. Yield (%)	Gross Div. Yield (%)	P/E Ratio
1 CAPITAL GOODS (208)	+0.2	12.21	4.64	10.83	25.27	766.12	766.13	737.97	737.97

FIXED INTEREST									
PRICE INDICES	Fri Dec 23	Day's change	Tenure	Yield	Yield	Yield	Yield	Yield	Yield
British Government	118.92	+0.18	11.87	11.71	11.35	11.35	11.35	11.35	11.35

AVERAGE GROSS REDEMPTION YIELDS									
Index	Fri Dec 23	Day's change	Tenure	Yield	Yield	Yield	Yield	Yield	Yield
British Government	10.17	10.17	10.17	10.17	10.17	10.17	10.17	10.17	10.17



energies in his connection

SPAIN
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Richard Oliver on
Madrid 429 01 50
or Sandra Lynch on 01-268 8800 ext 4159
or write to her at:
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10 Cannon Street
London EC4P 4BY
FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

INTERNATIONAL COMPANIES AND FINANCE

Japanese shipping lines to merge

By Ian Rodger in Tokyo

JAPAN LINE and Yamashita-Shinshin Steamship (YS Line), two of Japan's leading shipping groups, have agreed to merge. The agreement, due to be completed by June 1 next year, is the largest merger deal between Japanese shipping companies since the Government led a reorganisation of the industry in 1964.

Only one of the six largest companies was substantially in profit in the six months to September 30 1988. YS, the fifth largest in terms of revenue, had a loss of ¥4,080m (\$32.7m) and Japan Line, fourth largest, had a nominal ¥0.2bn net profit. Japan Lines' cumulative losses total ¥50bn while those of Yamashita have reached ¥27.7bn.

Under the agreement, the two companies will write off large amounts of debt prior to the merger, resulting in a 50 per cent cut in Yamashita's equity base and an 80 per cent reduction in that of Japan Lines. The new company, owned on a 50-50 basis, will emerge with a capitalisation of ¥19.6bn and annual sales of ¥180bn from charter and tanker operations.

Mr Shozo Magoshi, who has just been made president of Yamashita, will become the president of the merged group, while Mr Naosuke Yasuda, president of Japan Line, will be chairman. Mr Magoshi said yesterday that he expected the deal would transform the two companies into a group which would be able to compete in world markets. However, some industry analysts suspect it will be difficult for them to do so.

A change of outlook at the Tokyo SE

Minoru Nagaoka, newly appointed president of the TSE talks to Ian Rodger

THE NEW president of the Tokyo Stock Exchange appears to have a more positive attitude to accepting new foreign members than his predecessor. Mr Minoru Nagaoka, who became TSE president last month, said in an interview yesterday that the exchange was "prepared to think about" admitting more foreign members. "We do not reject the idea, but we do not have any concrete answers."

He pointed out that 20 per cent of the 114 members were foreign, and the TSE had already made "drastic changes." But he also acknowledged it was "inevitable" that the TSE would consider further expansion because the market had become much larger and more important internationally than before.



Minoru Nagaoka: TSE has made drastic changes

● The TSE has been criticised for its fixed commission structure, but Mr Nagaoka saw no need to move to flexible rates. He was particularly pleased that Tokyo's fixed rates on small trades by individuals were lower than those charged in New York. He said the TSE was eager to attract as many small investors as possible.

The TSE's rejection of applications for membership last year by two leading British firms, Barclays DeZoete Wedd and James Capel, has become a source of tension in financial relations between the UK and Japan.

perhaps the opening should have started much sooner," he said. The main obstacle to further expansion of TSE membership is space. Surprisingly, there is no space on the trading floor for more members, even though the stock exchange moved into new premises, which include an enlarged trading floor, only a few months ago.

● It was unrealistic to expect the rules of the world's leading exchanges to be identical, but the TSE, along with other exchanges and government authorities, was eager to increase harmonisation of rules. He noted that Japan had just hosted a meeting of international securities dealers' associations.

● The TSE had no direct involvement with the Recruit scandal since Recruit Cosmos, the company whose shares were distributed to various leading politicians and businessmen, was not a listed company. However, the affair had upset public confidence, and the exchange was working with the Government to develop rules to make the distribution of shares in new issues more equitable.

It is not clear how this is going to be solved, and Mr Nagaoka was not giving many hints. There have been suggestions that increasing computerisation of share trading would free up more floor space, but that trend appears to be flagging.

Mr Nagaoka acknowledged there was resistance to computerising the active shares, because "floor gossip" was a vital element in trading. The TSE was in the middle of re-examining the future of the computerisation programme, but a result was probably 18 months away.

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The exchange has already put the trading of 1,380 out of its 1,580 listed shares onto a computer system, leaving only the most active 150 on the floor.

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GM closes two more US plants

GENERAL MOTORS of the US is to temporarily close two more US car assembly plants early next month, writes Our Financial Staff. Analysts and company sources say the move results from GM's aggressive production policy to boosting fourth-quarter profits.

MCL Life joins bank bid fray

By Chris Sherwell in Sydney

A BID by the State Bank of Victoria for Australian Bank, one of the country's smallest commercial banks, was topped yesterday with a better offer from MCL Life, a subsidiary of the large property group, Lead Lease.

Sydney-based Advance Bank to merge with Challenge Bank, which is based in Perth, to create a continent-wide grouping.

MLC Life already has a stake in Australian Bank, comprising both voting and non-voting shares.

GM had already announced output cuts at its Lansing, Michigan, plant in order to reduce unsold inventories.

MCL Life said it would offer A\$1.85 per share for Australian Bank, valuing it at around A\$100m (\$22m).

The two developments point to a further round of bank rationalisation in Australia.

Its offer is subject to 90 per cent acceptance, but it said it would retain only 10 per cent of the shares and distribute the remainder to policy holders in order to ensure a broad shareholding base.

The company says it will also extend the holiday shutdown by a week at plants in Fairfax, Kansas, and Doraville, Georgia, that build the slow-selling Pontiac Grand Prix and Oldsmobile Cutlass.

Earlier this week the State Bank of Victoria offered A\$1.65 a share, valuing the bank at A\$82m.

Speculation still surrounds the longer-term future of Commonwealth Bank, owned by the federal government, in which the three big banks - Westpac, National Australia and ANZ - would all be interested.

The State Bank of Victoria, which is the largest of the state government-owned banks, said it would merge Australian Bank with Tricombank, its merchant banking subsidiary, to create a new banking entity.

Saatchi & Saatchi expands in Belgium

By Philip Rawstone

SAATCHI & Saatchi, the advertising and consultancy group, has set up an advertising agency in Belgium - its third in Europe this year.

Saatchi & Saatchi/FDBP, with projected billings for 1989 of \$2m, already ranks about 20th in the Belgium industry. It will work in Belgium for some of Saatchi's network clients such as Procter & Gamble, British Airways and Gillette Toilettes; and it has won new business from Pirelli, DHL, and Bessier, the French dairy products group.

The move, which follows the establishment of agencies in Denmark and Norway, marks a significant switch from Saatchi's acquisition policy. It reflects both Saatchi's problems in equity financing acquisitions and the increasing difficulty in finding suitable takeover targets in the European Community's advertising industry.

Until recently Saatchi clients in Belgium were served by an associated Belgian agency, Partner, which has now merged with J. Walter Thompson.

Saatchi has set up the new agency with a local management team of four, Mr Hing Frederix, Mr Kris Dieltiens, Mr Danny Pauwels, and Mr Richard Bervoets, who were formerly with VVL/BBDO, the high ranking Belgian agency.

Mr Albert Loyd, chairman of Saatchi & Saatchi Advertising International said: "They approached us with the idea and we thought it filled a gap in our organisation. We do not expect them to become a colony of London. They have a zest for new business and growth."

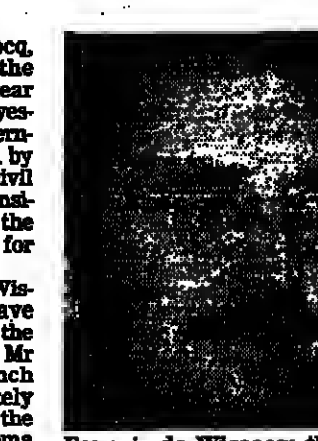
Saatchi has taken a minority equity interest, but will eventually acquire 100 per cent of the shares.

Mr Frederix said: "With many multinational headquarters established in Brussels and more on the way, we aim to play a major European role as well as handling business nationally."

French nuclear fuels group chief replaced

By Paul Betts in Paris

MR FRANCOIS de Wissoecq, chairman of Cogema, the French state-owned nuclear fuels group, was replaced yesterday by the French Government. He is to be succeeded by Mr Jean Syrota, a leading civil servant who has been responsible for energy affairs at the French industry ministry for the past six years.



Francois de Wissoecq: the outgoing Cogema chief

The dismissal of Mr de Wissoecq is understood to have caused controversy within the Socialist Government, but Mr Roger Fauroux, the French Industry Minister, ultimately prevailed in his demand for the replacement of the Cogema chairman.

Mr de Wissoecq's position at the top of the nuclear fuels company had become increasingly precarious following the disclosure last December of the company's losses of about FF7,200m (\$41m) on the French financial futures market, known as the Matif.

Apart from the Matif losses, Mr de Wissoecq had also been blamed recently for delays in the extension of the large La Hague nuclear reprocessing plant in Normandy. Mr de Wissoecq was also criticised for being insufficiently rigorous in the management of the state nuclear fuels group.

But not everybody in the Government took such a severe view of his record. Indeed, his supporters in the Government and the nuclear industry argued that he had been an effective chairman of the company, who had recently renegotiated a series of major nuclear enrichment contracts with Japan.

CSX sells pipelines for \$646m

By Anatole Kaletsky in New York

CSX, THE third largest US railroad business and leading shipping company, announced yesterday it was selling its natural gas pipelines for a total of \$646m to Transco Energy of Houston.

The pipeline sale marks the second stage in CSX's divestment of the energy properties it acquired five years ago, when it decided to diversify into the oil and gas business by buying Texas Gas Resources and Texas Gas Transmission Corporation.

option agreement, the terms of which were not disclosed yesterday, another leading pipeline operator, Consolidated Natural Gas, may buy a 50 per cent interest in Transco Gas Transmission within 30 days of the closing of the Transco deal.

In April CSX sold its energy exploration and production interests to Total of France for \$612m.

CSX said shortly afterwards that it planned to get out of energy and no longer considered gas pipelines relevant to its strategy of building up a unified inter-modal transportation business.

Transco will pay CSX a cash dividend of \$75m in addition to the purchase price of \$71m agreed for the transmission companies, making the total cash proceeds to CSX \$146m.

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Improvement at Klöckner & Co excluding oil trade

By Paul Kennedy

KLOCKNER & Co, the West German trading house, saw an improvement in sales and in pre-tax profits, excluding oil trading, in the first nine months of this year.

BTR buys US seals maker

By Paul Kennedy

BTR OF THE UK is to buy Schlegel, a US maker of weather seals for vehicles and buildings, for \$200m, writes Our Financial Staff.

Union Carbide

IN AN article on Union Carbide of the US which appeared in December 23 issue, the company's chairman was incorrectly referred to as Mr Paul Kennedy. His name is Mr Robert Kennedy.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES				
	Latest Price	Change on week ago	Year 1988	High/Low
Gold per troy oz.	\$417.75	+6.00	\$482.25	\$485.5
Silver per troy oz.	340.15	+6.35	371.05p	457.75p
Aluminium 99.7% (cash)	\$2542.5	+32.5	\$2000	\$4295
Copper Grade A (cash)	\$1936	+83.5	\$1677.5	\$1129.5
Nickel (cash)	\$391.5	-15.5	\$371.5	\$408
Lead (cash)	\$19450	+2850	\$4975	\$22200
Zinc (cash)	\$1806	+33	\$205.5	\$1672.5
Tin (cash)	\$4170	+30	\$3810	\$2450
Cocoa Futures (Mar)	\$2387	+84	\$1072	\$1182
Coffee Futures (Mar)	\$1187	+34	\$1244	\$1317
Sugar (LDP Raw)	\$277.5	+1.8	\$228.4	\$383
Barley Futures (Mar)	\$111.35	+0.25	\$108.9	\$111.35
Wheat Futures (Mar)	\$114.50	+0.15	\$115	\$103.35
Cotton Outlook A Index	62.35	+0.40	75.25	75.35
Rubber (RSS Super)	64.1p	+7	48.4p	67.8p
Wood (Spot)	\$5.00p	-1.00	\$2.50p	88p
Oil (Brent Blend)	\$15.40q	+0.23p	\$17.95	\$17.52

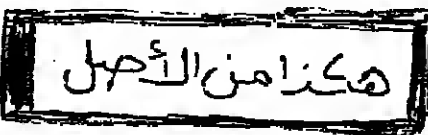
LONDON METAL EXCHANGE				
	Close	Previous	High/Low	AM Official
Aluminium, 99.7% purity (\$ per tonne)	2540-5	2495-505	2545	2540-5
Cash	2540-5	2495-505	2545	2540-5
3 months	2445-5	2410-5	2445-5	2445-5
Copper, Grade A (\$ per tonne)	1936-7	1895-5	1935-1930	1935-7
Cash	1936-7	1895-5	1935-1930	1935-7
3 months	1750-1	1722-5-3.5	1750-1	1750-1
Silver (US centime ounce)	62-4	61-2	61-2	62-4
Cash	62-4	61-2	61-2	62-4
3 months	62-4	61-2	61-2	62-4
Lead (\$ per tonne)	391-2	408-8	391-2	391-2
Cash	391-2	408-8	391-2	391-2
3 months	385-5	395-5	385-5	385-5
Nickel (\$ per tonne)	1940-500	1970-400	1940	1940-500
Cash	1940-500	1970-400	1940	1940-500
3 months	1640-500	1720-1640	1640-500	1640-500
Zinc, Special High Grade (\$ per tonne)	1628-8	1678-8	1628	1628-8
Cash	1628-8	1678-8	1628	1628-8
3 months	1570-2	1657-80	1570	1570-2
Zinc (\$ per tonne)	1608-7	1658-7	1608-7	1608-7
Cash	1608-7	1658-7	1608-7	1608-7
3 months	1558-7	1638-7	1558-7	1558-7

New York				
	Close	Previous	High/Low	Ring turnover
Gold 100 troy oz. (\$200)	417.75	418.0	418.0	418.2
Cash	417.75	418.0	418.0	418.2
3 months	418.0	418.0	418.0	418.2
Copper, Grade A (\$ per tonne)	1936-7	1895-5	1935-1930	1935-7
Cash	1936-7	1895-5	1935-1930	1935-7
3 months	1750-1	1722-5-3.5	1750-1	1750-1
Silver (US centime ounce)	62-4	61-2	61-2	62-4
Cash	62-4	61-2	61-2	62-4
3 months	62-4	61-2	61-2	62-4
Lead (\$ per tonne)	391-2	408-8	391-2	391-2
Cash	391-2	408-8	391-2	391-2
3 months	385-5	395-5	385-5	385-5
Nickel (\$ per tonne)	1940-500	1970-400	1940	1940-500
Cash	1940-500	1970-400	1940	1940-500
3 months	1640-500	1720-1640	1640-500	1640-500
Zinc, Special High Grade (\$ per tonne)	1628-8	1678-8	1628	1628-8
Cash	1628-8	1678-8	1628	1628-8
3 months	1570-2	1657-80	1570	1570-2
Zinc (\$ per tonne)	1608-7	1658-7	1608-7	1608-7
Cash	1608-7	1658-7	1608-7	1608-7
3 months	1558-7	1638-7	1558-7	1558-7

SUGAR 112,000 lbs; cents/lb				
	Close	Previous	High/Low	Ring turnover
Jan 7/80	7.75	0	0	0
Mar 11/80	11.00	11.00	11.00	11.02
May 12/80	10.50	11.00	11.00	10.77
Jul 10/80	10.50	10.48	10.54	10.54
Oct 10/80	10.32	10.48	10.48	10.29
Jan 8/80	0	0	0	0
Mar 10/80	10.08	10.15	10.07	10.07
May 8/80	9.94	0	0	0

COTTON 50,000; cents/lb				
	Close	Previous	High/Low	Ring turnover
Mar 59/80	68.25	68.75	68.25	68.82
May 59/80	68.25	68.25	68.25	68.00
Jul 59/80	68.25	68.25	68.25	68.00
Sep 59/80	68.25	68.25	68.25	68.00
Nov 59/80	68.25	68.25	68.25	68.00
Jan 60/80	68.25	68.25	68.25	68.00
Mar 60/80	68.25	68.25	68.25	68.00
May 60/80	68.25	68.25	68.25	68.00
Jul 60/80	68.25	68.25	68.25	68.00
Sep 60/80	68.25	68.25	68.25	68.00
Nov 60/80	68.25	68.25	68.25	68.00
Jan 61/80	68.25	68.25	68.25	68.00
Mar 61/80	68.25	68.25	68.25	68.00
May 61/80	68.25	68.25	68.25	68.00
Jul 61/80	68.25	68.25	68.25	68.00
Sep 61/80	68.25	68.25	68.25	68.00
Nov 61/80	68.25	68.25	68.25	68.00

WHEAT 5,000 bu mtr; cents/bushel				
	Close	Previous	High/Low	Ring turnover
Mar 40/80	439.6	441.4	439.6	439.4
May 40/80	439.6	441.4	439.6	439.4
Jul 40/80	439.6	441.4	439.6	439.4
Sep 40/80	439.6	441.4	439.6	439.4
Nov 40/80	439.6	441.4	439.6	439.4
Jan 41/80	439.6	441.4	439.6	439.4
Mar 41/80	439.6	441.4	439.6	439.4
May 41/80	439.6	441.4	439.6	439.4
Jul 41/80	439.6	441.4	439.6	439.4
Sep 41/80	439.			



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Currencies trade quietly

Trading levels evaporated to their traditional pre-Christmas lows, with only the release of UK trade figures for November preventing even more traders from winding up even earlier.

The November current account deficit narrowed to \$1.5bn from a revised shortfall of \$2.5bn in October, while the visible deficit shrank to \$2bn, broadly in line with most forecasts.

Consequently, the reaction on sterling was limited, and those left in the market acted quickly to square positions.

There seems to be little likelihood of any clear sterling trend emerging until the New Year, but many investors have taken note of repeated comments by Mr Nigel Lawson, UK Chancellor of the Exchequer, that any reduction in the competitive edge of UK exports is unlikely to be halted

out by a reduction in sterling's value. Furthermore, the Government's commitment to fighting inflation, virtually ensures a relatively high interest rate structure for the foreseeable future.

Sterling closed at \$1.7596, little changed from \$1.7590 on Thursday. Against the D-Mark, it finished at DM3.1950 compared with DM3.1900, and Y224.75 against Y224.25.

The dollar was also confined to a narrow range. Trading in New York was due to finish around lunchtime 5pm London time and in the absence of any fresh directive,

those traders left in London quickly closed their positions and retired for the Christmas break. A slightly firmer tone in US dollar rates has provided the dollar with some underlying support just recently. Trading volume has also been dominated by end of year technical demand for the US unit.

However, many investors are taking a more cautious position, and are prepared to await until the start of the new US administration in late January, before making any long term decisions.

The dollar closed at DM1.7760 against DM1.7735 and Y224.75 against Y224.25. Elsewhere, it finished at SF1.4970 against SF1.4950 compared with SF1.4950, and FF10.8520 against FF10.8520.

C IN NEW YORK

Table with columns: Dec-23, Latest, Previous Close. Rows include 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Dec-23, Previous. Rows include 1.00, 2.00, 3.00, 4.00.

CURRENCY RATES

Table with columns: Dec-23, Bank, Spot, Forward, Currency. Rows include Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table with columns: Dec-23, Bank of England, Morgan's, Changes. Rows include US Dollar, Swiss Franc, etc.

OTHER CURRENCIES

Table with columns: Dec-23, £, \$, DM, etc. Rows include Argentina, Australia, Brazil, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1 month, 3 months, 6 months, 12 months. Rows include US Dollar, French Fr., etc.

MONEY MARKETS

Steady on trade data

INTEREST RATES in London showed virtually no reaction to a November UK current account deficit of \$1.6bn. The improvement from October's record deficit was much as expected.

The authorities provided help of \$50m, buying Treasury bills in bond 1 at 12 1/2 p.c. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained \$1.65m, with a rise in the inter-bank rate.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Dec-23, Spot, Forward, Dec month, 3 months, 6 months, 12 months. Rows include US, Canada, Hong Kong, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Dec-23, Spot, Forward, Dec month, 3 months, 6 months, 12 months. Rows include UK, West Germany, France, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Dec-23, Ex. central rates, Current, % change, % change, % change. Rows include Belgium, Denmark, France, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Dec-23, 3 months, 6 months, 9 months, 12 months, 18 months, 24 months. Rows include Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Dec-23, £, \$, DM, Yen, SFR, P.F., L.F., C.S., B.F. Rows include £/\$, £/DM, etc.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. Dec-23, 3 months US dollars, 6 months US dollars. Rows include 9 1/4, 9 1/4, etc.

MONEY RATES

Table with columns: NEW YORK, Treasury Bills and Bonds. Rows include 1 month, 3 months, 6 months, 12 months.

LONDON MONEY RATES

Table with columns: Dec-23, Overnight, 1 day notice, One Month, Three Months, Six Months, One Year. Rows include Interbank Offer, etc.

LIFFE LONG BILT FUTURES OPTIONS

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

LIFFE TREASURY BOND FUTURES OPTIONS

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

LIFFE FT-SE INDEX FUTURES OPTIONS

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

LIFFE 4% OPTIMS

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

LIFFE EUROSTOLLAR OPTIMS

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

LIFFE SHORT STERLING

Table with columns: Strike Price, Call-Settlements, Put-Settlements. Rows include 100, 110, 120, etc.

PHILADELPHIA 6% OPTIMS

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INVESTOR'S GUIDE TO THE STOCK MARKET by Gordon Cummings. Learn how to turn a gamble into a calculated risk. Includes an order form and contact information.

Investing For Beginners by Daniel O'Shea. How well informed are you? Do you know a rights issue from a scrip issue? Includes an order form and contact information.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market data including various company names and their prices.

December 23 US\$

Table of US stock market data for December 23, listing various companies and their prices.

December 23 US\$

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INDICES

Table of various stock market indices including Dow Jones, S&P 500, and others.

December 23 US\$

Table of US stock market data for December 23, listing various companies and their prices.

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NEW YORK ACTIVE STOCKS

Table of active stock market data from New York.

December 23 US\$

Table of US stock market data for December 23, listing various companies and their prices.

December 23 US\$

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Heed the ghost of lost opportunity and cast off the blinkers

IT WAS the last working day before Christmas, and the first snow of winter was beginning to fall gently on the City of London. The chestnut vendor, his brazer glowing in the fast-fading darkness, rubbed his bemused hands together and reflected: it was warmer making a market in shares, but there was more money in chestnuts.

The door to a nearby tavern swung open and the sound of laughter swelled into the street and faded. A group of men spilled on to the pavement, their cheerful countenances bright with the problems facing almost everybody in the Square Mile.

Nearly all of them had a sad story to tell. While selling chestnuts, he had heard many of them in snatches of conversation as the latest unfortunate victims of another City purge passed by, clutching black sacks carrying the contents of their desk home for the last time. Occasionally, he was able to offer solace as he handed over warm bags of chestnuts.

From time to time, some of his former market-making colleagues would wave to him from their bicycles as they delivered letters, oiling the wheels of commerce which still turned in that great city despite all that had happened.

Some were still employed by City firms and would occasionally drop by. They would talk him about declining trading volumes, losses among stock exchange firms and pay cuts. His friends' visits were becoming less and less frequent though, as the selfishness for which the City had been so widely known was replaced by bitterness and self-obsession.

Strange, incomprehensible noises interrupted his thoughts. He turned and was confronted by a ghostly vision. Making their uncertain way along the street was a group of Eurobond brokers, suffering all too clearly from over-indulgence in seasonal spirit. In spite of their improper and unkind references to his wares, he felt strangely comforted that amid all the upheaval,

some things had not changed, although he realised these changes too faced hard times. His mind drifted back a mere couple of years to the time when he and his friends had been wrapped up in the glorious optimism of Big Bang and the bull market: champagne parties, fast cars, penthouse apartments overlooking the Thames. It seemed then, in the brave new mercantile that was the City that the world was at their feet. Now, as the snow swirled and danced in circles at his feet, those memories seemed cruelly remote, as if it had all been a dream.

His reverie was interrupted by a dreadful metallic sound. A man with a terrible grey pallor materialised beside him, wrapped in chains secured by heavy padlocks. The temperature palpably dropped. "I am the Ghost of Lost Opportunity," said he, "and I am of land, when out there" - he gestulated with a broad sweep of his grisly hand - "there is a whole world of opportunity to be seized."

"Diversification, my boy, diversification. Take it from someone who learned the lesson too late." A long finger beckoned: "Come with me and I'll show you." The vendor obediently followed and he found himself being miraculously swept above the clouds. Soon they were speeding over the North Sea and then the choppy waters of the Skagerrak.

"Scandinavia has been a boon for investors in 1988: Denmark, Sweden and Finland have all exceeded pre-crash levels although Finland's looking rather soggy now, and we can ignore Norway for the moment."

They swept on over the Soviet Union, swooping low over Moscow. "Not a buy this year, but who knows 10 years from now?" he asked as the minarets of the Kremlin disappeared into the distance. Soon the West Siberian plain was

below, Mongolia, Korea and Japan. Over Tokyo, they swept through Marunouchi. "The Nikkei index has hit 30,000 this year and there are forecasts suggesting it can go to 35,000 in 1989."

On and on, over the ocean, mountains, the great plains of the Midwest, down over the Hudson River and Manhattan. "Americans were actually net sellers of foreign stocks in 1988. Can you believe it? Their own market going nowhere except for a few takeover issues, and they're selling foreign stocks! How long before they learn the error of their ways?"

The Statue of Liberty and the Atlantic Ocean loomed; after a while the Bay of Biscay swept below and soon land was in sight. "Thanks to foreigners mostly from other European countries and companies buying strategic stakes with the approach of 1992, most continental European markets did

rather well this year. Next year is unlikely to be quite so good; returns should be reasonable unless the dollar falls out of bed. Of course, Switzerland has delivered foreign investors two severe shocks in just over 12 months, but that just underlines the benefits of diversified portfolios."

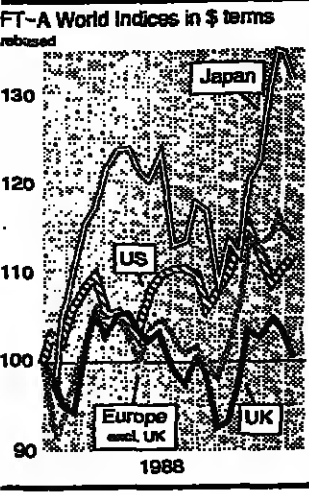
Over the Channel and towards St Paul's Cathedral and back to the Square Mile. After commenting adversely on the architecture, he continued: "And that's only the northern hemisphere. Mark my words, in a world of free capital movements, there is no going back. Diversification of portfolios is the way of the future. Look, in the first half of 1988, the value of shares traded on the New York Stock Exchange dropped 22 per cent compared with a year earlier; in London, the fall was nearly 31 per cent - whereas the drop in the value of stocks traded in cross-border transactions was a mere 7 per cent, with the Japanese dominating business."

The vendor found himself

once more behind his brazer. His companion gone, he suddenly realised the narrowness of his perspective. Out there was indeed a world of opportunity if only he had the vision to see it.

The snow continued to fall, but it seemed as if the world had taken on a brighter hue.

Stephen Fidler



The vendor was awestruck: so this was what happened to fund managers who didn't make the first quartile.

parties, fast cars, penthouse apartments overlooking the Thames. It seemed then, in the brave new mercantile that was the City that the world was at their feet. Now, as the snow swirled and danced in circles at his feet, those memories seemed cruelly remote, as if it had all been a dream.

ASIA PACIFIC Nikkei slips after news of merger

Tokyo

THE ANNOUNCEMENT of the merger of two shipping companies led to a bout of nervous selling, but a rebound in issues expected to lead the market in the new year helped recover some of the ground, writes *Michiko Nakamoto in Tokyo*.

Encouraged by the establishment of a substantial number of investment trust funds, shares had risen strongly in early trading with the Nikkei average up 17.18 in the first 15 minutes of trading.

Scotment turned sour when dealers started selling shipping shares after the announcement of the merger between Japan Line and Yamashita-Shinbun Steamship. The Nikkei average at one stage fell 139.08 to a low of 29,635.53.

Interest then revived in stocks that are thought to be promising candidates for leadership next year and the Nikkei recouped a fair amount of its losses to close 88.35 down at 29,696.26.

The Toxix index added 5.12 to 2,308.55 and in London the ISE/Nikkei 50 index gained 8.65 to 1,909.47. Turnover fell to 624m shares from 734m.

The Tokyo Stock Exchange temporarily suspended trading in the shares of Japan Line and Yamashita-Shinbun Steamship on Wednesday and expected to be finalised yesterday. The reforms would eliminate a tax on luxury goods, reducing the price of luxury cars and jewellery. Retailers, especially department stores specialising in luxury goods, were bought.

Shares eased in Osaka, with the OSE average declining 53.94 to 27,753.30.

interest was again inspired by former base metal prices.

The All Ordinaries index eased 0.3 to 1,484.1 with a paltry 67m shares worth \$5149m traded. Interest was said to be so low that some resorted to playing backgammon on the floor of the exchange.

HONG KONG closed higher in thin trade as shares responded to early sharp rises in Tokyo and dealers sought to end their year on a good note. The Hang Seng index rose 13.86 to 2,556.55 in turnover worth HK\$450m compared with HK\$356m on Thursday.

SINGAPORE was generally firmer and, although volume remained light, there was more institutional activity than in recent weeks. The Straits Times Industrial index rose 8.68 to 1,024.82.

SEOUL fell sharply on speculation that a technical correction would be made early next year and by continuing rumours that the Government is trying to hold the composite index below 900 to slow excessive speculation. The index fell 14.26 to 876.77.

TRADING in Asia Pacific was thin with dealers tidying portfolios for the new year. The exception was Seoul, which fell sharply on continued rumours about government intervention in the market.

AUSTRALIA saw early rises eroded by selling just before the close to finish virtually unchanged with local institutions entering the market to clean up portfolios for the end of year reports. Their early

AMERICA Festive mood keeps volume thin

Wall Street

WITH THE Christmas weekend foremost in most traders' and investors' minds, there was very little activity on Wall Street markets yesterday. While stocks rose fractionally through the morning session, volume was too thin for the movement to be an accurate indication of market sentiment, writes *Karen Zagor in New York*.

At 2 pm, the Dow Jones Industrial Average was up 7.50 points at 2,167.88. Volume was extremely low, with fewer than 54m shares traded by early afternoon, making it one of the quietest sessions of the year. Advances led declines by about three to two.

Equities were supported by the firmness at the long end of the bond market. The Treasury's benchmark 30-year bond was 100 1/2 up 1/4 of a point, at which it yielded 8.90 per cent.

Fed funds were 8 1/4, unchanged from Thursday's close.

Overall the bond market performed better than this week's economic figures would probably have justified. Data on durable goods, personal consumption, third quarter gross national product and consumer prices were all taken as signs of a slight slowdown in growth and inflation. However, the figures were too inconclusive to establish a trend.

One particularly positive factor for fixed income markets was the strengthening of the dollar with the help of purchases by corporations for year-end financial purposes. The dollar was generally higher again yesterday afternoon at Y124.85 against Y124.60 late Thursday.

In the stock market, American Brands, the US tobacco, spirits and financial services group, leapt 3 1/2 to 56 1/2 amid rumours of a takeover by Uni-

lever. Talk of the Anglo-Dutch company's plans to make a \$90-a-share bid to acquire American Brands was fuelled by the previous evening's trading in London, where American Brands jumped to \$63 a share, more than \$5 above its New York close.

CSX, which operates the third largest US railroad and Sea-Land, a leading international container shipping line, fell 1/4 to \$31 1/4. The slight drop followed the news that CSX is to sell its Texas Gas Transmission Corporation and two related companies for \$371m to Transco Energy. Transco's shares, traded at \$5 unchanged from Thursday's close.

Tyson Food, a leading US poultry producer, was down 1/4 at \$17 after an announcement that it had extended its \$34 a share offer for all outstanding Holly Farm stock to December 30. The offer was

due to expire on Friday. Holly Farms, the nation's third largest poultry producer, was unchanged at \$54.

General Motors was down 3/4 at \$84 1/4 following a rise in mid-December sales to 82,919 vehicles from 79,169 last year.

American International Group, the leading insurance holding company, rose 1/4 to \$67 1/4 following an announcement that the company was not the leading insurer of the Pan Am aircraft that crashed in Scotland on Wednesday.

Canada

THIN pre-Christmas trading left Toronto slightly higher at the close, as rising oil shares and industrial issues outweighed losses by golds.

The composite index gained 7.4 to 3,366.0 as advances outnumbered declines on turnover of 8.3m shares. The market closed after a half-day session.

EUROPE VW drives Frankfurt up in low turnover

MUCH of continental Europe approached Christmas in buoyant mood, although trading volume was generally low, writes *Karen Zagor in Frankfurt*.

FRANKFURT was driven higher by active buying in VW in an otherwise quiet pre-holiday market. Volume fell back to a minuscule DM1.87bn worth of domestic shares, but the FAZ index managed a mid-session rise of 1.42 to 547.92 and the DAX index closed 4.31 higher at 1,328.45.

VW powered up DM10.30 to a 1988 high of DM247.30 on the day's most active trading worth DM266m. A magazine report said that Autolatina, the VW-Ford joint venture in South America, would make a much better profit than expected this year after a heavy loss last year. The VW motor group was also recommended by two German banks and a number of London houses and is seen as undervalued.

Among the few other features, electrical stock AEG gained DM7 to DM205 amid speculation that majority owner Daimler might be increasing its more than 90 per cent stake.

PARIS pursued Thursday's steep rise in further active trading, boosted by the planned tie-up between CGE of France and GEC of the UK, optimism about the economy

and enthusiasm about market prospects in the new year.

The CAC General Index, which had breached 400 to 402.5 for the first time this year on Thursday, rose to 407.3. The closing OMF 50 was up 2.41 to 425.87.

CGE closed 50 centimes better at FF404 after reaching FF409 following the news of the merger of its power generation and other heavy engineering activities with GEC. Alstom, CGE's heavy engineering subsidiary, was suspended, probably until the market reopens on Tuesday, for more details of the merger.

Foods group BSN was again strong, rising FF90 to FF76,260 on 3,066 shares as investors picked it up before the January 10-for-one stock split.

AMSTERDAM reached a high for the year as bullish sentiment about the economy, a steady dollar and the rally in London pushed up shares in thin trade. However, a closing figure for the CBS all-share index was not available.

Transport group van Ommen rose 40 cents to FI 94.90, for a two-day rise of FI 1.10, following Thursday's good profits forecast for 1988.

Royal Dutch fell a further 50 cents to FI 227.50. The oil concern has fallen FI 8.10 since Tuesday's US court ruling that the group could not ask insur-

ance companies to cover pollution clean-up costs.

MILAN was unsettled by signs of rising inflation and rumours of a possible 12.5 per cent capital gains tax. The market had turned down in after hours trading on Thursday and remained weak yesterday. The Comit index fell 1.17 to 587.44 in quiet trading.

Fiat lost LI9 to LI7.81, but Montedison moved higher against the trend, adding LI7 to LI20.5.

ZURICH ended slightly higher after a quiet session, with the steady dollar offsetting the negative impact of Wall Street's earlier close on Thursday. The Credit Suisse index rose 3.5 to 514.5.

Nestlé again saw a large rise in its registered stock, up SF70 to SF76,450, while its bearers gained SF760 to SF77,000. One London analyst said the registered stock had been "the buy of December", with local investors appreciating the greater liquidity and activity in the wake of Nestlé's decision to open the stock to foreigners.

The move has brought settlement problems, however, as investors have piled into the stock, and London market makers stopped quoting firm prices for Nestlé registered on Seat International about a week ago because of the dif-

ferences.

BRUSSELS closed narrowly mixed. Trading was generally quiet although a few selected stocks saw lively business.

Retailer GB-Inno rose BF18 to BF1,330 on good turnover of 24,800 shares as confidence grew that Christmas sales would be strong.

Holding company GBL gained a further BF20 to BF3,820 giving a rise of BF170 since the agreement on Wednesday by its US affiliate Drexel Burnham Lambert to plead guilty to security fraud charges. Trade was lively with some 13,800 shares changing hands.

STOCKHOLM registered modest gains. Small investors accounted for most of the activity which was focused on blue chip stocks.

MADRID fell as the market shuddered in anticipation of further increases in interest rates. Investors are reported to have been switching from equities into high-yielding treasury bonds. The general index dropped 2.54 to 273.71.

SOUTH AFRICA

A QUIET half-day session left Johannesburg prices mostly unchanged, although platinum rose further. Rustenburg gained 25 cents to \$47.50.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 22 1988				WEDNESDAY DECEMBER 21 1988				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (90)	144.34	+0.3	128.95	122.56	4.77	149.94	118.07	112.20	152.31	91.16	103.09
Austria (18)	96.22	-0.2	110.65	92.72	2.77	97.77	78.37	89.03	100.00	83.72	95.84
Belgium (62)	134.27	+0.2	110.65	123.51	4.10	134.54	110.36	123.43	139.89	99.19	100.73
Canada (123)	126.35	+0.4	102.48	107.65	3.37	123.82	101.36	107.64	128.91	107.06	111.25
Denmark (39)	156.21	+0.0	128.73	148.69	2.08	156.14	128.07	145.81	159.12	111.42	112.59
Finland (26)	112.04	+1.5	92.33	106.42	1.47	129.57	106.28	113.28	139.83	106.78	-
France (150)	87.61	+0.1	72.20	80.78	3.05	110.42	90.57	104.71	112.34	72.77	87.43
Germany (102)	109.32	+0.2	90.09	109.57	2.93	87.55	71.81	80.54	88.26	67.78	77.34
Hong Kong (46)	130.52	+0.4	107.54	122.07	4.73	109.01	99.41	109.28	111.86	84.90	91.84
Ireland (18)	85.27	-0.6	70.27	83.09	2.44	85.76	70.34	83.36	86.73	62.99	78.62
Italy (98)	142.01	+0.2	117.17	147.82	7.07	148.74	133.17	146.79	150.93	133.61	142.64
Japan (456)	187.53	+0.4	154.54	147.82	2.84	141.76	116.28	147.63	154.17	107.83	109.78
Malaysia (36)	142.01	+0.2	117.17	147.82	1.24	160.40	131.57	400.30	282.24	90.07	102.46
Mexico (13)	165.05	+0.4	92.85	103.35	4.86	113.32	91.31	101.49	112.58	95.23	100.40
New Zealand (25)	116.90	-0.4	91.49	101.36	7.07	67.32	55.21	56.03	94.06	63.32	78.17
Norway (25)	120.94	+0.5	99.66	108.31	2.33	138.08	113.26	122.90	139.54	98.55	100.93
Singapore (6)	113.21	-0.3	94.94	97.80	2.50	120.36	98.72	107.81	135.89	97.99	98.57
South Africa (50)	149.15	+0.2	118.93	122.70	4.72	148.72	121.99	128.50	144.47	130.73	133.88
Spain (42)	147.96	-0.6	118.80	130.87	2.18	144.97	118.91	131.45	144.97	96.92	99.22
Sweden (37)	76.63	+0.1	63.15	71.12	2.39	76.56	62.79	70.91	86.75	74.13	83.29
Switzerland (37)	149.15	+0.5	109.29	122.70	4.92	133.43	109.45	109.45	141.51	120.44	134.30
United Kingdom (315)	132.61	-0.5	92.92	112.75	3.66	112.89	92.59	112.89	115.55	99.19	102.51
USA (573)	112.75	-	92.92	99.26	3.78	113.16	92.82	99.12	116.61	97.01	105.99
Europe (1006)	112.96	+0.2	120.46	144.72	0.73	181.83	149.14	143.74	185.81	130.81	139.10
Pacific Basin (679)	154.70	+0.2	127.49	126.69	1.63	154.34	126.60	126.04	158.08	120.36	125.56
Euro-Pacific (168)	113.37	-0.1	93.43	112.46	11.44	93.07	112.58	114.67	99.78	102.99	101.56
North America (98)	125.95	+0.2	92.74	93.28	2.92	100.25	82.25	92.96	101.29	80.27	87.46
Europe Ex. UK (691)	100.40	+0.2	101.65	105.61	4.70	123.04	100.93	105.32	128.27	87.51	96.35
Pacific Ex. Japan (23)	125.95	+0.2	126.31	125.90	1.70	132.90	125.41	125.27	156.39	120.26	125.23
World Ex. US (1893)	138.20	+0.2	113.89	122.70	2.05	137.92	113.13	122.26	139.61	111.77	116.67
World Ex. UK (214)	138.20	+0.2	113.89	122.70	2.28	137.64	112.90	122.19	139.52	113.26	116.32
World Ex. So. Af. (239)	113.70	-0.1	93.70	107.56	3.75	113.82	93.36	107.95	115.54	100.00	103.87
World Ex. Japan (200)	137.68	+0.1	113.47	121.41	2.30	137.51	112.79	121.03	139.43	113.37	116.42

The World Index (2456)

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local).

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Latest prices are available for this edition.

CONSTITUENT CHANGES: Deletions: Macmillan Inc., Farmers Group (all US) and Abbey Life (UK).

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ICS

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PS \$1.25 bn

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NOF \$0.65 bn

NOI \$0.50 bn

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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours from 5 pm on Thursday and settled through the Stock Exchange Talemans system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

British Funds, etc

No. of bargains included 1882 Treasury 8 1/2% Ss 1984 'A' - 82 1/2% 1/2 257913

Corporation and County Stocks

No. of bargains included 6 Greater London Council 6 1/2% Ss 90/92 - 107 1/2 (190/88)

UK Public Boards

No. of bargains included 10 Agricultural Mortgage Corp PLC 5 1/2% Deb Ss 92/94 - 107 1/2 (190/88)

Foreign Stocks, Bonds, etc

No. of bargains included 5 Greece (Kingdom of) 10 1/2% Ss 1985 - 107 1/2 (190/88)

Breweries and Distilleries

No. of bargains included 10 AB InBev PLC 3 1/2% Red Deb Ss 87/87 - 107 1/2 (190/88)

Registered Housing Associations

No. of bargains included 10 National Mutual Group Finance Ltd 10 1/2% Ss 1984 - 107 1/2 (190/88)

Commercial, Industrial, etc

No. of bargains included 10 A&P PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

Banking and Discount Companies

No. of bargains included 100 Bank of Ireland Group Co of 7 1/2% Ln Ss 89/91 - 107 1/2 (190/88)

Registered Housing Associations

No. of bargains included 10 National Mutual Group Finance Ltd 10 1/2% Ss 1984 - 107 1/2 (190/88)

Commercial, Industrial, etc

No. of bargains included 10 A&P PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

Normala Group PLC 9 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

Financial Trusts, Land, etc

No. of bargains included 100 Allied Dunlops Int Fund Ltd Red PFI 1 - 107 1/2 (190/88)

Mines - South African

No. of bargains included 100 Anglo American PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

Normala Group PLC 9 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

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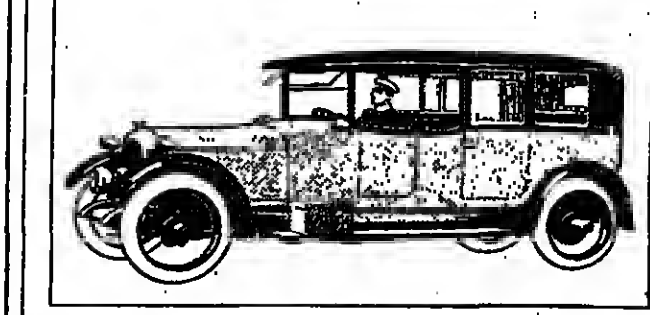
The Third Market Appendix

No. of bargains included 100 Anglo American PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

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Water Works

No. of bargains included 100 Anglo American PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

Mines - Miscellaneous

No. of bargains included 100 Anglo American PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

USM Appendix

No. of bargains included 100 Anglo American PLC 10 1/2% Cum Red PFI 1 - 107 1/2 (190/88)

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Markets receive trade figures calmly

THE LONDON stock market's faith in Father Christmas, somewhat shaken in the past few weeks, found little encouragement from the UK trade figures for November, announced yesterday in the final pre-Christmas trading session.

Accounting Dates table with columns for Dec 22, Dec 28, Jan 12, Jan 28

figures, which took the UK's annual trade deficit for 1988 above the £13bn figure predicted in his Autumn Statement by Mr Nigel Lawson, the UK Chancellor of the Exchequer.

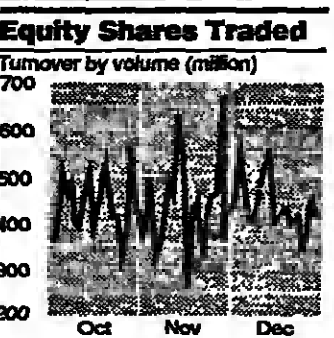
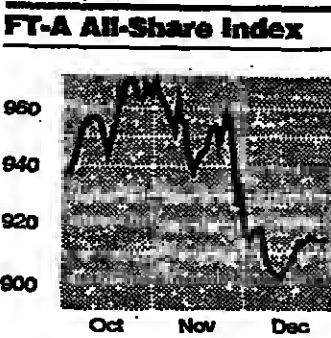
Capital Funding: a figure in this range has long been predicted by City scribblers. The UK Government bond sector, committed by the Bank of England to keeping a market in Gifts open throughout the day, made little response to the trade figures.

The announcement, to close a net 5.3 points up at 1774.0. Seaq share trading volume of 186.4m indicated a fair level of interest in equities - but the figure includes inter-market deals which have dominated the market during the run-up to the Christmas period.

ers' stock positions accounted for the gains in some of the blue chip issues. Store and other consumer shares gave back a few pence of the recovery achieved earlier in the week.

Irish switch to milk

Unigate confirmed its status as the glamour stock of the pre-Christmas period. The latest twist in the saga caught the market on the hop when it was revealed that Mr L. Goodman, chairman of Food Industrial of Ireland, has acquired a 4.97 per cent stake in the UK dairy group.



According to marketmakers the offer from Hoare, which was well above the then 182p market price, was intended to persuade enough institutions to sell their stock before the noon deadline on Iceland's partial cash offer.

Thorn good tidings. Thorn EMI was a reformer and closed 10 higher at 618p on turnover of 1.2m. Chase Manhattan Securities were big buyers of the shares after a "buy" recommendation issued by Mr Brian Newman.

that RTG is now capitalised at £1.76bn, compared with Rascal Electronic's £1.6bn, and that the latter's shares have been dragged up by the increasing demand for RTG shares. The recent "buy" recommendation issued by Hoare Govett's Mr Bob Fringe continued to inspire good demand for RICC which put on 6 more to 385p.

hoping that the US Food and Drug Administration department would grant US marketing approval to Fisons's aerosol Pentamidine before the new year. ICI hardly traded before the trade figures, but then rose steadily to close 17 higher at 1028p - turnover expanded to 1.1m shares as an attempt by one dealer to close a short position led to a runaround. Few traders had much stock on their books, forcing them to mark up the price.

Close food finish

In a frantic effort to win more than 50 per cent of Borden for clients Iceland Frozen Foods, brokers Hoare Govett were said to be offering 180p-a-share cash in early morning trading for Bejam stock in the hope that they could supplement Iceland's existing 42.6 per cent stake by another 20 per cent by the day.

NEW HIGHS AND LOWS FOR 1988 table with columns for NEW HIGHS and NEW LOWS

Ultramar shares moved up to 280p before closing a net 5 higher at 288p with speculators chasing the stock after a single trade of 2m shares at 290p flashed across the Seaq ticker. This deal was closely followed by heavy activity and turnover in Ultramar finally topped the 5m mark.

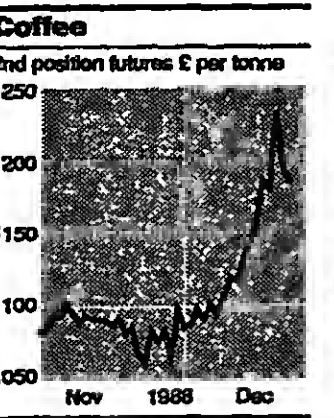
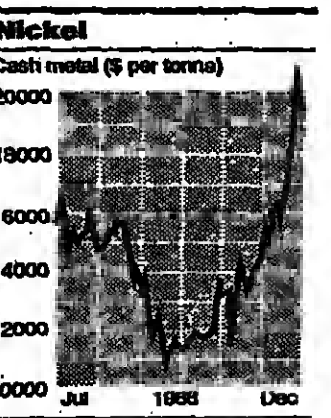
The life assurance sector provided a firm feature in Pearl Group which jumped 14 to 402p - "A bear squeeze plain and simple - there was a single trade of 240,000 at 352p".

COMMODITIES

WEEK IN THE MARKETS

Nickel returns to the \$20,000 level

THE LONDON Metal exchange nickel market got into the festive mood this week with a performance reminiscent of the first quarter of this year - when the cash price more than quadrupled to an unprecedented \$22,200 a tonne.



Paulo, another important producing region, farmers have estimated losses at more than 70 per cent. Mr Jorio Dauster, the institute's president said it would draw on its 17.5m-bag buffer stock to ensure that there was no shortfall in Brazilian exports.

After falling \$575 on Thursday and another \$350 on yesterday's shortened trading session, cash nickel ended the week with a net gain of \$2,650, or \$19,450 a tonne. And that took the rise on the month so far to an impressive \$5,500.

registered gains this week, though on a more modest scale. Most notable was cash copper's \$83.50 advance to \$1,936 a tonne, which was encouraged by Magma Copper's declaration of force majeure on shipments from its San Manuel smelter in Arizona.

Coffee was again the star performer among the soft commodities. Concern about the tightness of supplies available for immediate delivery have been exacerbated by prospects for a much reduced 1989/90 crop in Brazil and worries about late harvests in Central America.

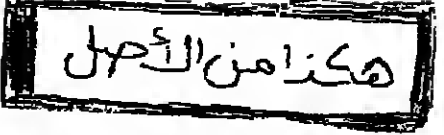
In the new year the second phase of the agreement comes into effect with quota cuts being triggered if the 15-day average of the organisation's indicator price falls below 120 cents a lb. Such cuts, which would almost certainly be confined to robustas, had been fully expected when the agreement was reached, but now, with the daily indicator above 130 cents a lb, they may not happen after all.

He added that trading levels were relatively thin because many companies had closed their books for the holiday season, and that was leading to increase price volatility.

Other LME base metals also

As catalyst production is the major growth sector for the metal that news had a dramatic effect on its price, which within two days had slumped by around \$70 a tray ounce.

Severe frosts in July, followed by very dry weather in recent months has reduced coffee crop expectations in the southern state of Parana by about 80 per cent.



FINANCIAL TIMES STOCK INDICES

Table with columns for Dec 23, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1988, Since Completion

Table with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1988, Since Completion

Scale 100 Gvt. Secs 15/10/25, Fixed Int. 1926, Ordinary 177/25, Gold Mines 12/25, SE Activity 1974, 1981 8/32 (excluding intra-market business), DAY'S HIGH & LOW for 22/12/88 HIGH 1437.2 LOW 1432.2

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Volume, Price, % Change, etc.

London Shop, Peel, which went ex-rights, closed steady at 285p. After a difficult week, property developer Rosehagen staged a strong technical rally to close 16 firmer at 487p.

The papers sector was mainly notable for price movements in William Collins which announced on Thursday that it is having talks with a possible white knight to rescue it from the clutches of Mr Rupert Murdoch's News International group.

Deals in traded options reached 15,756 contracts, made up of 8,379 calls and 5,377 puts. Even the 12.30 pm. close, however, left room for trading in the FT-SE 100 index option to take a lion's share, on an overall 5,463 contracts, lying in 2,465 calls and 2,997 puts.

Changes in senior posts at Baring Brothers

From January 1 Mr S.P.F. Best, Mr C.J. Sledge, A.B. Swain and Mr K. Ujihara have been appointed directors of BARING BROTHERS & CO., and the following have been appointed assistant directors: Mr A.D. Chambers, Mrs D. Clements, Mr R.P.T. Coles, Mr H.J. Field, Mr J.C.F. Lawrie, Mr M.G.A. McIntosh, Mr P.D.M. Ross, Mr J.A. Seal

Chairman and chief executive officer of 3M



Mr Bruce Thalacker (above) has been appointed chairman and chief executive officer of 3M UNITED KINGDOM, from February 1. He takes over from Mr Ron Bauko, who is becoming vice president, pharmaceutical and dental products group at 3M's headquarters in St. Paul, Minnesota. Mr Thalacker is managing director of 3M Belgium.

new management structure. Mr Ronald Scott Brown has been appointed chairman, Mr George Robb, chief executive, and Mr Martin Gilman, managing director. Mr Brown succeeds Mr Robin Reid who will continue to serve as a director.

Mr Ian Livingston has been appointed director of BARKER XEROX (UK)'s independent sales operations. He was director of the customer service division, where he is succeeded by Mr Shaun Pantling, who was national area sales manager.

Dr Alan Cocks, general manager, exploration, and Mr Reidler Faill, general manager, Pembroke plant, have been appointed directors of TEKACO; and Mr Leonard Magrill, general manager, trading and supply, becomes staff director from January 1. Mr Magrill also becomes general manager, supply, operations and trading from the same date. Mr Gordon Pentecost, manager, cherting, becomes director and manager of Texaco Overseas, from January 1.

Mr Ian McIntosh has been appointed deputy chief executive of SAMUEL MONTAGU & CO from January 1. He is managing director, corporate finance, director, Mr Stephen Podhorodecki joins the boards of High Density Plastics and Solidur Plastics, together with the West German company Pennekamp + Huesker, has made the following appointments: Mr John Thorpe, managing director, and Mr Roger Thomas, director, Mr Stephen Podhorodecki joins the boards of High Density Plastics and Solidur Plastics as sales and marketing director. Mr George Hammond joins the board of The British Pickler Company, responsible for sales and marketing of textile accessories; Mr Martin Sutcliffe becomes contract director with HJ Den Lelstra.

Mr Colin Simmonds, marketing manager, has been promoted to managing director, and Mr Andrew Savage, marketing manager, becomes marketing director at RANKS MOVING MCDONOUGH INGREDIENT SUPPLIES.

Following the merger between "Laxing in Success" Retail and Panfilo to form PANFIDA GROUP, the group has made the following appointments to its board: Mr E.J. Baylis, managing director of Martin Retail Group; Mr N.J. Bristow, deputy managing director of Martin Retail Group; Mr J.P. Didiams, finance director of Panfida.

Mr James Robertson has been appointed a director of CAPITAL HOUSE INVESTMENT MANAGEMENT, Edinburgh.

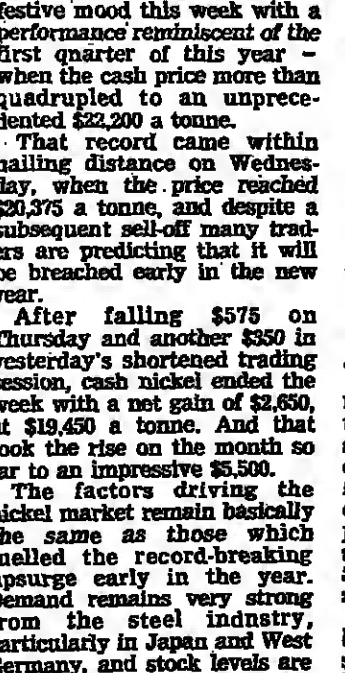
Mr Eric Cooper has become a director of LEGAL & GENERAL VENTURES. He was a director of the Mayborn Group.

Mr Richard Downey has joined HERON SERVICE STATIONS as a finance director. He was previously commercial director of Pier House Inns, a Trusthouse Forte company.

Mr Toby Marchant (above) has been appointed managing director of MODO FAPEE UK from January 1. Formerly chief executive of the merchanting division, he takes over from Mr Olle Grundenberg who is returning to Sweden as sales and marketing director at MoDo Pepper's Husum mill.

Mr James Robertson has been appointed a director of CAPITAL HOUSE INVESTMENT MANAGEMENT, Edinburgh.

Mr J.M. Green-Armytage has been appointed a director of ROWE EVANS INVESTMENTS from January 1.



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Richard Mooney

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Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for Name, Type, and Price.

Table listing unit trusts under categories like Canada Life Unit Trusts, Fidelity Investment Services, and various international and domestic funds.

Table listing unit trusts under categories like M & G Securities, M&G British, M&G American, etc., including various equity and bond funds.

Table listing unit trusts under categories like Royal Life, M&G British, M&G American, etc., including various equity and bond funds.

BANK RETURN table showing Banking Department and Issue Department returns for December 21, 1988, with columns for Name, Increase/Decrease, and % Change.

Table listing various unit trusts under categories like Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for Name, Type, and Price.

RISES AND FALLS table showing percentage changes in various market sectors like British Funds, Industrials, and Consumer Goods.

LEADERS AND LAGGARDS table showing percentage changes in various market sectors like Overseas Traders, Metals & Metal Forming, etc.

Table listing unit trusts under categories like Darlington Unit Trust, Dimensional Unit Trust, etc., with columns for Name, Type, and Price.

Table listing unit trusts under categories like L&S Unit Trust, L&S Growth, etc., with columns for Name, Type, and Price.

Table listing unit trusts under categories like M&G British, M&G American, etc., including various equity and bond funds.

GUIDE TO UNIT TRUST PRICING: METAL CHARGES. This section explains the various charges associated with unit trusts, including entry, exit, and management fees, and how they are calculated.

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Main table containing unit trust information with columns for Unit Name, Price, Yield, and other financial metrics. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

Continued on next page

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Main table containing unit trust information with columns for Name, Bid Price, Offer Price, and Yield. Includes sections for National Mutual Life, Prudential Assurance Co Ltd, Scottish Widows Group, Sun Alliance Insurance Group, Clifton Financial Managers Ltd, Capital House Fund Mgrs - Contd., and various international and offshore funds.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and other financial metrics.

Table of London Share Service, listing various shares with columns for Name, Price, and other financial metrics.

Table of Money Market Trust Funds and Bank Accounts, listing various financial products with columns for Name, Price, and other financial metrics.

LONDON SHARE SERVICE

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Main table containing various stock market listings categorized by industry: AMERICANS-Contd, CANADIANS, BANKS, HP & LEASING, BEERS, WINES & SPIRITS, BUILDING, TIMBER, ROADS, CHEMICALS, PLASTICS, DRAPERY AND STORES, ELECTRICALS, ENGINEERING, FOOD, GROCERIES, ETC, HOTELS AND CATERERS, INDUSTRIALS (Miscel.)-Contd, and LEISURE. Each entry includes company name, price, and other financial data.

Handwritten signature or scribble at the bottom of the page.

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FINANCIAL TIMES

Weekend December 24/December 25 1988



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Five water groups face £100m bids

By Andrew Hill

THE SOUTHERN Water Authority is seriously considering launching bids, worth more than £100m in total, for five private water companies in its area.

Such bids, which could take place early next year, would counter recommended offers for four of the companies from French water suppliers, including one launched yesterday by SAUR Water Services, a subsidiary of Bouygues, the construction and service group.

They would also stir up further controversy over the authorities' stake-building, the prospect of which has angered water companies, unions and MPs. Statutory companies supply 25 per cent of the UK's water within areas covered by the authorities, which also

handle waste water.

A favourable court ruling on water authority investments last week raised the possibility of battles for control of the 29 statutory water companies - 13 of which have become the subject of agreed bids - in the months before privatisation of the 10 authorities next year.

Southern Water would be better placed to launch bids than other authorities, because AIFP Water Fund - a joint venture set up recently with Mr Duncan Saville, an Australian investor in the water company - is already a public limited company and has more financial flexibility than a utility.

However, any takeovers would still be subject to ministerial approval and public

inquiry, and might founder if the water companies' appeal against Wednesday's High Court ruling were successful. The court appeared to clear the way for authorities to bid for the companies.

Southern Water, whose area extends from the Isle of Wight to Kent, would not confirm yesterday that it was going to bid but said it was urgently considering the situation.

SAUR's third bid in the area values Eastbourne Waterworks Company, in which Southern has a 29.9 per cent stake, at about £15m.

Southern has substantial stakes in two other companies, Mid-Sussex and West Kent, for which SAUR is bidding £18m and £5.23m respectively. Involvement in the AIFP Water

Fund gives the authority control over further holdings, including nearly 10 per cent of Folkestone and District Water Company, subject of an £8.3m agreed bid from Compagnie Générale des Eaux, France's largest water supplier.

In Southern's area, only Portsmouth - which is 84 per cent owned by its own pension fund - and Mid Kent water companies have so far escaped French bids.

Mid Kent is the most valuable company in the area. The price of its voting stock, of which Générale des Eaux owns 15 per cent, has been rising steadily recently and is now worth about £60m. Morgan Grenfell also holds 26 per cent of the stock.

Details, Page 9

Low alcohol beers and lagers put festive spirit into brewers

By Lisa Wood

BRITAIN'S brewers are struggling to meet an unprecedented surge in demand for low alcohol and alcohol-free ales and lagers over the festive season.

Known as Nablabs in the trade, low alcohol and alcohol-free products are the fastest growing product sector in the UK drinks industry. Sales this year are valued at about £120m, about 11 per cent of total UK beer sales, and the market has grown from 150,000 barrels in 1986 to more than 600,000 barrels this year.

Brewers had forecast increased sales of Nablabs over the Christmas period with drinkers staggering their alcohol consumption with non-alcoholic alternatives, either out of choice or because they were driving.

At the event, demand has exceeded even their optimistic estimates. Orders this week for Whitebread's White Label low alcohol bitter, for example, have been 50 per cent above the forecast.

Mr Glyn Williams, Whitebread Breweries' production services director, said: "We have the capacity to meet demand but we have had to struggle to meet orders because demand has outstripped our forecasts."

White Label was launched just over a year ago in Whitebread pubs and those of several regional brewers and now accounts for about 11 per cent of the pub market for low alcohol and alcohol-free beers.

Other major brands include Kaliber and Smithwick's, both brewed by Guinness, Allied-Lyons's Swan Life and Bass's Tennent's LA and Bass LA products.

The drinks have critics as well as a growing body of consumers. The Campaign for Real Ale (Cama) recently launched an attack on low alcohol brews, describing them as "drinks of low quality and high price". Cama thinks that, despite a significant saving on tax, low alcohol drinks are among the most expensive drinks available.

It said: "At an average price per pint of £1.18 low alcohol brews can only be described as expensive. Their price is certainly no encouragement to those wishing for whatever reason to switch from standard strength drinks."

Brewers defend their prices by citing start-up and promotional costs. Bass, for example, is spending about £5m this year on developing its low alcohol and alcohol-free products. This is about a fifth of its beer advertising budget, although low alcohol and alcohol-free beers account for just 1.5 per cent of its total volumes.

Overall, the industry is spending about a sixth of its £100m-a-year advertising budget on low alcohol and non-alcoholic brands. Such high promotional costs mean profit margins are slim.

However, the market is forecast to grow until the end of the century and profit margins will be substantial for the brand winners. Mr Dennis Lyons, a director at Bass, said: "These brands are being swept forward on a very strong tide of changing consumer habits."

Mr Barry Sheerman, Opposition spokesman on home affairs, Short-term interest in an inquiry into supermarket prices for non-alcoholic drinks.

He said: "In Britain the profit margin is 5 per cent to 7 per cent, whereas in America and many other countries the margin is only 1 per cent."

He accused the brewing industry of "behaving irresponsibly."

He added: "How is it that non-alcoholic drinks are more expensive when, unlike alcoholic drinks, they carry no duty? The brewers' excuse that high production costs lead to these high prices just won't wash."

Brewers see the light over lager, Page 5

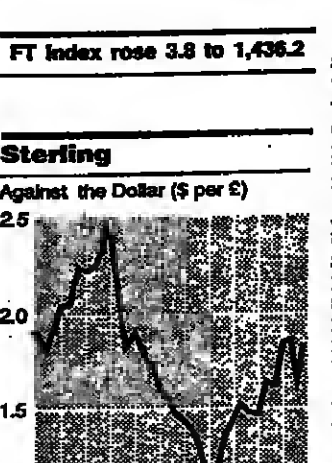
Figuring out some Christmas cheer

The UK's November trade figures may have been the third worst on record, but they were not as horrible as last month's, so the City was able to start the holiday season in reasonably cheerful mood. Indeed, anyone bothering to check with their continental colleagues would be pleasantly surprised to hear that three quarters of Europe's stock markets hit new peaks this week in reasonable trading volume. It might only be a rally in a bear market, but it is better than nothing.

Given any signs that Britain's twin problems of excessive consumer demand and a chronic balance of payments deficit are on the mend, UK equities could begin to join in the European rally. However, yesterday's economic data gave off mixed signals on this score. The balance of payments problem remains huge, and an expected 1988 current deficit of £15bn is more than five times as large as last year's. If the OECD is to be believed, the UK will be running a similar-sized deficit for the next couple of years at least.

Although the OECD's forecasting record is better than HM Treasury's, the hope must be that it has taken too gloomy a view of Britain's likely export performance. After all, economic conditions in Britain's major export markets are better than at any time since the early 1970s, and although UK interest rates are keeping sterling unnecessarily high, it has not gone through the roof. Unlike last year, when the pound jumped by more than 10 per cent, it has risen by less than 2 per cent in 1988 and looks like ending the year down against the US dollar, which will be good news for firms like Jaguar.

Meanwhile, the latest building society figures underscore the sharp slowdown in mortgage lending which will provide some comfort to the UK authorities. Short-term interest rates in West Germany and the US have slipped by ¼ per cent this week, and a sharp dive in the dollar could quickly reverse this trend, any hint that UK interest rates have peaked would be blissful news for the equity market.



The usual knocking copy about the bid target is slightly perfunctory. The implication that Plessey is financially insecure because it has just moved into a position of net debt is a little cheeky coming from Lord Weinstock, most of whose shareholders would dearly like to see him follow suit. The chosen period of the last four years certainly makes Plessey's earnings record look dismal - a total rise of 5 per cent in the period, compared to 19 per cent for GEC and 43 per cent for Siemens. But if the period is halved, for instance, the picture is reversed - 19 per cent growth for Plessey, 6 per cent for GEC and a rather nasty 23 per cent fall for Siemens.

The document also makes clear that all this is secondary. What matters is the liberalisation of the European market, both internally and externally, and the suggestion that Plessey is too small to survive. It is to the credit of Lord Weinstock, the great unifier of the UK industry in his time, that he should have similar ambitions for Europe. What is unclear from the document is whether Plessey's best future lies in forming part of this particular grand design.

S Africa to end aid for Angola guerrillas

By Michael Holman in New York

SOUTH AFRICA has given an assurance that it will end military assistance to the Unita rebel movement in Angola as part of the South-Western African peace pact signed at the United Nations on Thursday.

In the most unequivocal statement to date of South Africa's intentions, Mr Pik Botha, Foreign Minister, told a press conference at the United Nations that South Africa remained "sympathetic" to and "friendly" with Unita, which has been waging a guerrilla campaign against the Angolan Government with assistance from South Africa and the US.

However, continuation of aid from South Africa after Thursday's formal signing of the pact - which links independence for Namibia with a phased withdrawal of 50,000 Cuban troops from Angola - would be "a clear cut violation" of the agreement, he said. Aid to Unita would cease "as from today".

A less forthright stance was adopted by a senior Angolan minister questioned about his Government's willingness to end military support for guerrillas of South Africa's banned African National Congress (ANC), the quid pro quo envisaged in the pact. None the less, most diplomats associated with the negotiations that led to this week's signing believe

Angola will implement its side of the agreement.

Mr Botha made clear that the Angolan Government would be violating the pact if it continued to permit the ANC either training facilities in Angola or to use the country as an infiltration route into South Africa via Botswana, Namibia or any other country.

Earlier, Mr Alfonso van Dunem, Angola's foreign minister, appeared to suggest that Angola's backing for the ANC would continue but his answer was couched in terms which could be interpreted as leaving the issue open.

Clause Five of the Angola-Namibia treaty says: "The parties shall refrain from the use of force, and shall ensure that their respective territories are not used by any state, organisation, or person in connection with any acts of war, aggression or violence, against the territorial integrity or inviolability of borders, or any independence of any state of South Western Africa."

Diplomats associated with the negotiations say that this clause amounts to a non-aggression pact between Angola and South Africa which ends the two governments' military support of the ANC and Unita respectively.

Namibia: now for the economic struggle, Page 3

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Namibia: now for the economic struggle, Page 3

UK deficits narrow sharply

Continued from Page 1

The DTI estimated that Britain's surplus on invisible trade, which covers items such as banking, insurance, transfers and tourism, was a low £40m in both November and October because of an earlier bunching of payments from the European Community.

It said total exports increased in value by 4.5 per cent in the three months ended November from the three months to August while imports grew by 3 per cent. Otherwise, yesterday's official figures produced little evidence of an underlying improvement in Britain's trade position.

The current account figures for the latest three months showed a deficit of £4.55bn

	CURRENT ACCOUNT (£bn)			
	Current Balance	Balance	Visible Trade Exports/Imports	Invisibles Balance
1985	+3.3	-2.3	77.9	+7.8
1986	-0.2	-8.7	81.4	-8.5
1987	-2.7	-10.2	79.4	+7.5
1988				
Oct 1	-2.9	-4.0	18.0	+1.0
Oct 2	-2.8	-4.5	20.2	+1.8
Oct 3	-3.6	-5.8	21.7	+2.4
Sept	-4.6	-1.1	7.5	+0.7
Oct	-2.5	-2.9	6.8	+0.4
Nov	-1.6	-2.0	6.9	+0.4

Figures for Oct 3 1988 and earlier are revised estimates. Source: CBO and DTI

The Organisation for Economic Co-operation and Development prediction that the current account deficit would increase next year. The "inherently unstable" combination of high interest rates and a high pound would make it more difficult for the UK to hold on to domestic or overseas markets.

Standing room only at the City inn, Page 4; Editorial comment, Page 6

Row over Pan Am terror warning

Continued from Page 1

warning had been evaluated in the usual way, and the normal security measures plus the enhanced security already in force for US airlines had been sufficient. Heathrow management was responsible for implementing the level of security decided by governmental agencies and, since that security was not being changed, there was no need for the management to be told.

In a radio interview yesterday, Mr Channon refused to amplify on the Government's reaction to the warning.

He stressed that he had no

reason to believe there had been any security lapse at Heathrow, but added: "If we need extra security and it is proved we do need it, we will have to have it."

In Washington, President Reagan said broadcasting terrorist threats would cause panic and shut down world air traffic.

US officials are treating cautiously the original anonymous tip-off to the US embassy in Helsinki warning of a bomb plot against a Pan Am airliner leaving Frankfurt.

One official said there was no firm evidence as yet pointing to sabotage nor to responsibility for Abu Nidal, the radical breakaway Palestinian group opposed to the Palestinian Liberation Organisation.

The original telephone tip-off two and a half weeks ago identified Abu Nidal as the group planning the bomb attack.

At Lockerbie, the search and recovery operation was extended in heavy rain yesterday.

The accident investigators have been examining wreckage and corpses from the Boeing 747 and have specialists who can detect signs of an explosion in, for example, the way that the metal from the aircraft has failed.

Mr Charles said the wind speed on the night of the disaster of 15 knots at 38,000 feet could alone account for the fact that light debris had been

strewn up to 100 miles from Lockerbie.

The 600-strong team of troops, police and investigators have brought all the 15 bodies of passengers recovered to the temporary mortuary in Lockerbie town hall.

Police have still not been able to say how many people were killed on the A74. Five cars were badly damaged, and no one has so far been reported missing.

Some 17 people are believed to have died in houses in the town.

Mr Malcolm Rifkind, Scottish Secretary, said yesterday the Scottish Office would be ready to contribute to the disaster fund being established to help people at Lockerbie affected by the disaster.

Meanwhile in Frankfurt there were reports yesterday of alleged security lapses at Frankfurt airport. The authorities there said an air pressure-activated bomb was seized during recent arrests of radical Palestinians.

The West German Federal Criminal Office has now been called into the investigation into whether a bomb planted in Frankfurt was responsible.

Mr Yassir Arafat, leader of the PLO, yesterday called the crash an inhuman, criminal action directed "against our people mission (and) against humanity as a whole."

US Policy on disclosure of terror threats, Page 4

CHIEF PRICE CHANGES YESTERDAY					
FRANKFURT (Dm)					
AEG	205	+ 7	Mittel	297	+ 18
Man Mech.	250	+ 5	Marine-Werke	389	+ 23
Volkswagen	347	+ 10	Fella		
Pfaff			A.H.V.	500	- 11
BEW	167	- 1	Galerios Lalayette		
Rhein West Ele.	118	- 1	Mohrwerk	1270	- 30
VHF	416	- 2	UFO	550	- 15
NEW YORK (\$)					
American Int.	67 1/2	+ 1/2	OSAKI (Yen)		
IBM	123 1/4	+ 3/4	Obayashi Rd.	1210	+ 140
Phillip Morris	101	+ 1	Osaki Electric	1360	+ 120
Boeing	45 1/4	+ 1/4	Kanto Nat. Gas	1250	+ 30
Pfaff			Fella		
Pan Am	21 1/2	- 1/4	Taiheyo Kalun	530	- 56
CSX	3 1/4	- 1/4	Kawasaki Kisen	525	- 55
PARIS (FFr)					
Fives Lille	180	+ 15	Nihonkai Steam	480	- 40
NEW YORK prices as at 12.30pm.					
LONDON (Pence)					
Amsrad	167	+ 4	Pearl Group	402	+ 14
Appletree Higgs	173	+ 28	Rosehaugh	487	+ 16
SICC	185	+ 2	Sto Chartered	498	+ 10
BOC	411	+ 4	THORN EM	485	+ 10
Crosby (James)	98	+ 8	U.K. Paper	174	+ 2
Hammerson "A"	854	+ 6	Ultramar	280	+ 8
ICI	110 1/2	+ 3	Fella		
Int City Hldgs	66	+ 4	Collins (Wm) A	856	- 18

WORLDWIDE WEATHER			
	Yday	Today	Yday
Amers	C	F	C
Angora	S	F	F
Antwerp	S	F	F
Athens	S	F	F
Bahia	S	F	F
Bangkok	S	F	F
Bombay	S	F	F
Buenos Aires	S	F	F
Calcutta	S	F	F
Canton	S	F	F
Chongking	S	F	F
Cebu	S	F	F
Hankow	S	F	F
Hong Kong	S	F	F
Kobe	S	F	F
London	S	F	F
Lyons	S	F	F
Manila	S	F	F
Medan	S	F	F
Osaka	S	F	F
Shanghai	S	F	F
Singapore	S	F	F
Sourabaya	S	F	F
Tientsin	S	F	F
Yokohama	S	F	F

Troubled Bethlehem

Continued from Page 1

of Bethlehem, that his coffers were empty as a result of Palestinians' refusal to pay taxes for the duration of the intifada, the Israelis are reported to have offered to pay for the desecrations themselves.

On the same lines, the Jerusalem Municipality is this week distributing Christmas trees free of charge to all comers - something the Jewish National Fund, responsible for many of Israel's newly planted forests, has done for many years for Israelis.

Tourism figures this year are down by about 15 per cent on 1987; and there had been

hopes of a revival over the Christmas holiday period. But that is not really the point; the Israeli tourist and hotel industry would have benefited only marginally in any case.

Most pilgrims stay in Arab east Jerusalem or in Bethlehem. They eat in Arab-owned restaurants, and they buy their olive-wood souvenirs from the Palestinians who sit and wait outside the doors of their shops for an increasingly rare passing coach.

To reach Manger Square you have to pass by a refugee camp where children lurk in wait to bury a stone or, worse, to do

their bit for the cause. So had has the souvenir business been lately that the shopowners have even obtained special dispensation from the local enforcers of the restricted intifada shopping hours to open their doors at times and on days other than those announced.

But nothing is what it seems, not even in Bethlehem. No census has been carried out for many years; but there appears little doubt from what local residents say that the town is no longer even truly Christian, for all its churches, convents and holy places. Moslems are now in a majority.

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Weekend FT

SECTION II

Weekend December 24/December 25, 1988

Man has always celebrated a mid-winter ritual. J. Cashford looks at a long tradition

Christmas — the universal festival



TOMORROW, WHEN we gather around the lighted Christmas tree to open our presents, we are doing what the Romans and the Greeks, the Syrians and the Persians, the Minoans, the Egyptians and the Sumerians used to do — and probably also those remote ancestors to whom we give the name Neolithic.

In earlier times, the evergreen tree, with candles flicking on its branches, was honoured as the Tree of Life or the World Tree; uniting the dimensions of heaven, earth and underworld, it was the cosmic axis at the centre of the world. The greenness of the Tree of Life at this darkest moment was then the sign and promise of life eternally renewed for humanity. In addition, the flames on the tree celebrated the rekindling of that heavenly fire in its winter underworld of death, and proclaimed the victory of Light over the forces of Dark.

All over the world, for many millennia, people have participated in a religious ritual at the Winter Solstice, when the sun's downward course is arrested and it turns back as it seems to earth. This change of state, in the bleak mid-winter of the year, was experienced as the rebirth of the sun and commemorated as the birth day of the sun god — the luminous divine child. Like the heavenly sun arising from the depths of darkness, these divine sons were born at midnight, hidden in the depths of earth — in the reeds, in a cave, out of a rock in a manger — and the cry: "The Virgin has brought forth! The light is waxing," would have echoed in various tongues across the centuries. In ancient Egypt he was called Osiris and Horus, and, later, Aion; in Greece, Dionysos, Helios and Orpheus; in Persia and Rome, Mithras.

One of the oldest pictures of the Virgin Mother with the holy child upon her knee comes from Mesopotamia in the third millennium BC. Related to it is this Babylonian cylinder seal in the illustration (top left), where a gift is being offered to the playful child who gazes at his mother, seated beside a tree, perhaps the Tree of Life. In the other Babylonian seal (top right), the scene of homage to the young child includes a star with a crescent moon above it, suggesting that this is the Virgin Mother Goddess Ishtar and her son. About 1500 BC, on a Minoan-Mycenaean signet ring (lower left), the son raises his hands in greeting to two worshippers in warrior shields, who hold budding staffs with urns behind them. But on the stone ring (lower right), from the sixth century AD, it is the infant Jesus who accepts a gift from

the Magi, while Joseph points to the star which went before them, until it came and stood over where the young child was.

Such parallels were not lost on the early founders of the Christian church. St Jerome, who translated the Holy Scriptures into Latin, remarked that Bethlehem was shaded by a grove of the Syrian Lord, Adonis, and that where the baby Jesus wept the lover of Venus was bewailed.

Originally, the birth of Christ was celebrated 12 days after the solstice on January 6, the day of Epiphany (Manifestation), when Jesus was manifested as the Christ to the Wise Men from the East. In those days, this was also the date of the festival of Egyptian Alexandria of the birth of Aion (a later version of Osiris) from the Greek Kore, "the Maiden," identified with the Egyptian Isis, whose particular star was Sirius. Every year, for hundreds of years, Egyptians had watched for Sirius to rise on the horizon, for this event announced the birth of Osiris or Horus and the rising of the floodwaters of the Nile, bringing to the nation life and eternal life together.

Christ's holy day was then moved from Saturn(n) day to Sun-day. The meaning for Christians was of course unique — "Day-spring, Brightness of the Light eternal, and Sun of Justice, come and enlighten those who sit in darkness and the shadow of death." (*O Virgins*, sung during Advent at Vespers on December 21, from the Breviary) However, the symbolism was universal, as even St Augustine once recognised: "The very thing now called the Christian religion was not wanting among the ancients from the beginning of the human race, until Christ came in the flesh, after which the true religion, which already existed, began to be called 'Christian'."

Folk wisdom also recognises the universal theme, for many of the rituals surrounding Christmas have meanings which transcend the boundaries of age, culture and belief, and, although many of our present customs have a significance that has been forgotten, we still practise them. Returning to the Christmas Tree, the silver star on the top which the Magi saw is also, as a mythic image, the pole star of

like flowers. The Buddhist seven-terraced tree, whose summit is a many-petalled lotus, is decked with candles at the feasts of the dead, just as candles are lit in many churches as prayers for the dead.

Even our simple Christmas rituals were once living myths. Why do we kiss under the mistletoe, for instance? Why do children put a stocking out for Father Christmas at the end of the bed? What is the Yule Log? Why do we put a sprig in the Christmas pudding? Do we decorate our homes with holly and ivy just because they are the only things that in winter?

Many of the solstice ceremonies used to take the form of fire festivals in honour of the reborn sun. In European folklore, the mistletoe with its pale yellow berries was believed to hold the seeds of the sun's fire; it was gathered at the summer and winter solstices to burn with the oak in the bonfires that blazed across the fields of Europe when the sun began to wax or to wane. The magical golden bough which Aeneas took to guide and protect him in the underworld is imagined by Virgil as being like the mistletoe clinging to the oak — "so tinkled the metal-foil in a gentle wind" — the plant which turns golden when it withers and so may be said to live even when it dies. When we hang it from the ceiling we continue the Druid ritual of not letting it touch the ground — for then it would lose its power to cure barrenness — and we ensure against the Scandinavian belief that contact with the earth would give it back its power to wound. For the story goes that an arrow made from this "beneficial mistletoe," as Shakespeare calls it, had slain the Scandinavian sun god, the radiant Balder, since mistletoe was the only thing in the world which (being too young) had not sworn an oath not to harm him, and so could be used by Loki, the demonic fire god, to destroy him. The myth expresses our ambivalence towards fire, so when we kiss beneath the mistletoe we banish its potential for mischief and invoke its healing powers.

The Yule-tide log or block, which today comes more often in chocolate as a cake, is also a surviving remnant of these mid-winter fire festivals which lasted for thousands of years. Yet it was not so long ago that the largest log of oak which could be brought home in one piece was still being lit in the hearth on Christmas Eve and carefully tended so that it lasted the full 12 days of Christmas.

Many of the rituals surrounding Christmas have meanings which transcend the boundaries of age, culture and belief

Or again: "On the eve of that day it was the custom to spend the night in singing and attending to the images of the gods. At dawn a descent was made to a crypt, and a wooden image was brought up, which had the sign of a cross and a star of gold marked on hands, knees, and head. This was carried round in procession, and then taken back to the crypt; and it was said that this was done because 'the Maiden' had given birth to 'the Aion.' This is a description not of a fourth century AD Midnight Mass and Christmas Day, but of the Festival of Kore in her temple at Alexandria (by the Christian Saint Epiphanius).

Now, in the fourth century AD, the birth of Jesus Christ was declared by the western church in Rome to have happened on December 25 — the day of the Winter Solstice as reckoned by the Julian calendar.

Christ's birth now coincided exactly with the rebirth of the sun, and the title of *Sol Invictus* (the Unvanquished Sun) was accorded to him, as it had been to Mithras, and before him to those other beings whose birth had been regarded in different traditions as divine.

The Long View

Not so merry for poor Billy Punter

"YAROOOOOH!" A loud squeal echoed around the quad at Greyfriars. "I say, stop, you chap! That was my Christmas postal order!"

"Ha, ha, ha!"

Harry Wharton, Bob Cherry, Frank Nugent and the rest of the Famous Five grinned as they saw that Billy Punter had got himself into yet another scrape. In the distance, the Claret Gang of the Lower Third could be seen scampering around the corner of the Gibraltar Wing.

"You shouldn't have left it hanging out of your pocket, you fathead," observed Wharton.

"The hangingfulness was terrific," said Hurree Jamset Chandra Singh.

"The chums of the Savings Remover had seen it happen too often before. The plump, greedy and ignorant Punter was taken for a ride so easily, especially as he could never be bothered to do his homework properly.

"Ooogh! You beasts..."

Just then, the new head prefect, Walker, came along the path. He had been appointed when his predecessor, Berrill, had been expelled suddenly by the Head before the end of term. There had been many complaints that Berrill had been excessively strict in applying the school rules, and had given too many beatings to minor offenders.

Now, all at Greyfriars were agog to see how Walker, from Leigh-Pemberton House, where



Looking forward to spending his festive postal order, Billy is alarmed to find that the new school rules are costing him rather more than he expected

of the best and confined to House."

Next morning, Punter struggled with his pudgy fingers to extract a postal order from an envelope, attracting the attention of the Co. "Let me look after it for you," said Johnny Bull. "A group of us in the Savings Remover have just got up the School Fund. We are fully authorised by the board — here is our certificate."

"The certificatefulness is terrific!" exclaimed Hurree Jamset Chandra Singh.

"Just sign here," continued Bull. "It's an excellent fund. Look! The chairman is Lord Manuverer. Mr. Quelch is custodian. You've absolutely nothing to worry about."

At last, it was the final day of term. Billy could hardly wait to get back home to Punter Court. But first, he had to get his money out of the School Fund. Eagerly, he handed in his receipt. Then his face fell.

"Wow! You beast! I say, I've been robbed! Where's the rest of my money? Whooooooh! Help! cried Punter.

"Ha, ha, ha!"

Just then, Walker came by. "Look here," gasped Punter. "This is your doing. You said the money would be safe but a lot of it has gone in extra charges. Listen to this. It says that, because of extra regulations, the commissions have had to be raised and in 14 days I will be told what they are, as a percentage. But we haven't done percentages yet. Quelch hasn't taken us beyond frac-

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INVESTMENT RECORD

	Gain in value	Rank in sector
American Growth	+ 0.2%	23rd out of 118
European Growth	+20.4%	3rd out of 101
International Growth	+ 1.7%	41st out of 165
UK Equity Income	+ 0.9%	31st out of 123

(Source: Mifcorpl, offer to bid, net income reinvested 1.4.88-5.12.88)

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

Christmas comes to a chastened City

Beck in 1974, as now, the City of London was in flux. Bonuses were cut and a third of the stock exchange's firms disappeared. Then, as now, it was a time for many people to decide if they should get out for good before the axe fell. But at least there was some merit on the market floor. Two years ago, with the advent of the Big Bang, everything began to change. Heather Farmbrough tells what happened. Page III

Why PEPs are in big trouble

Personal Equity Plans (PEPs) were supposed to encourage wider share ownership by offering special, tax-free concessions. But the scheme has not caught on and now, argues John Edwards, needs radical reform if it is to survive. Page III



What the experts see for 1989

Where should you put your money in 1989? To crystallise the views of the experts, 10 investment fund managers were asked to standard set of questions on the outlook for next year. Their responses varied considerably. Page IV

Jewels from the unit trust dustbin

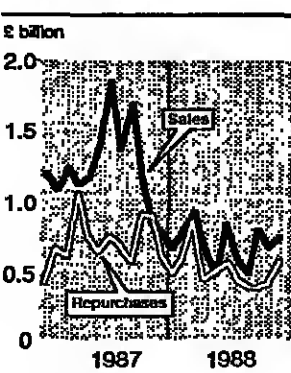
It's the time of year when unit trust awards are made. But it has also been a year when a distressingly large number of funds have lost money. Christine Stopp looks at some alternative candidates for awards. Page V

Question time for expatriates

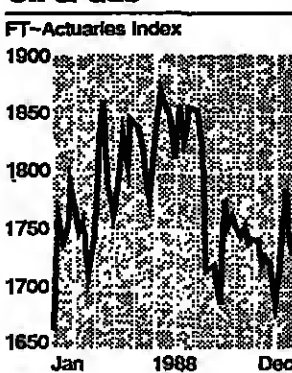
So you live and work abroad and you think you know all you should about looking after your money and handling tax affairs. Then try the 20 questions set by expatriates' adviser Donald Elkin. You might be surprised. Page V

BRIEFCASE: Your questions answered: Page V

Unit Trusts



Oil & Gas



Unit trust re-purchases soar

Re-purchases of unit trusts last month were at their highest levels since March, standing at £563.3m. Net new investment stood at £165.3m, compared with £234.8m in October. However, sales of unit trusts were up by £68.3m in November to £718m. Sales over the month included new funds launched by Scottish Amicable and Cazenove newcomers to the industry, and three index funds linked to the UK and US. The value of funds under management across the industry fell by £811m to £41,466m, reflecting stock market trends. The number of unit-holder accounts also fell, back to September's level of 4.89m. Heather Farmbrough

Oil and gas keep bubbling

While most areas of the stock market were winding down for Christmas, the oil and gas sector was alive with activity. Lasmo's 25.2 per cent stake in Enterprise Oil, up for auction for the past couple of months, went to French group Elf Aquitaine for a disappointing £388m, or 45p a share, but this figure was bumped up to 583p after tax considerations. Lasmo is being paid in 15-year loan notes. Even more disappointing — for speculators in Enterprise, at least — was news that Elf will not bid for Enterprise for a year.

However, takeover speculation persists in the sector, with Lasmo said to be a prime target. Ultramar is being hunted by a group of predators, two Canadian groups and Banque Paribas which have accumulated a stake of 4.3 per cent. New Zealand's Sir Ron Brerley has a near-14 per cent holding in Ultramar and could participate in a break-up of the company. John Edwards

Nationwide holds mortgage rates

Nationwide Anglia, Britain's third-largest building society, has pledged not to put up its mortgage rates before February 1. Spokesman Jeff Wagland says: "It base rates are out during January, it would not be necessary to put up rates at all." Alliance & Leicester also says it will not increase its basic mortgage rate even though it is increasing rates paid to investors from January 1. It will, however, keep the mortgage rate "under review." John Edwards

CAMIFA faces threat to future

The days may be numbered for CAMIFA (the Campaign for Independent Financial Advice). This week, four more of its member companies — Scottish Amicable, Scottish Equitable, Scottish Mutual and the Life Association of Scotland — all said they would be looking to appoint "tied" agents as well as using independent intermediaries. This follows a similar announcement by Norwich Union last week. The largest member company, Standard Life, said it would be reviewing its position. Norwich's decision to appoint "tied" agents has alarmed its competitors and the battle is now on to secure assured outlets. Heather Farmbrough

SMALL shareholders who took a bet with Ladbroke Group through the share market this year have fared better than many of the punters who have patronised the company's betting shops.

Ladbroke proves a winning bet

It might seem that the bookmaker always wins but, in Ladbroke's case, the spoils have been shared with those who appreciated the opportunities facing the company across its broad range of leisure activities. If successful in winning control of Thomson T-Line — following the recent £165m bid for the industrial holding company which has Vernons football pools as its principal asset — Ladbroke will kick off the New Year with a quick boost to cash flow and a powerful source to tap for further expansion. Ladbroke shares have found solid support throughout the year as the company has climbed to near the top of the pile in the European leisure industry and laid claims to the massive potential promised in the US bookmaking business.

Since March, the shares have outperformed the FT All-Share index consistently and strengthened institutional support, and have spent most of the past month around 430p after trading in January at about 350p. The acquisition of the Hilton International chain of hotels last year for £845m has altered radically the shape and outlook of the company, and a string of glowing analysts' reports have flowed from the reassessment that is under way. A taste of things to come was provided by the first-half pre-tax profits, which more than doubled to £118.2m. The annual results to March are expected to show profits reaching at least £245m, against £160.2m in the previous 12 months. There is broad agreement that, in the following year, pre-tax profits will increase

The year that Santa arrived too early

MARKET MAKERS, those who have survived so far, were not allowed an early start to the holidays. They were kept waiting until Friday morning for the latest monthly trade figures, an event which has become a red-letter day on every calendar. In the event, most traders could have taken the day off, and many, with relief, made a swift exit shortly afterwards. The FT-SE 100 closed on Friday at 1774, 17.1 points below its level on Christmas Eve 1987. Not much of a difference, perhaps, but a reasonable reflection of the intervening year. Twelve months ago, the shock of October had hardly been absorbed. The London market looked forward to 1988 with trepidation, hearing distant echoes of 1980. Anxiety was focused on events across the Atlantic, on Wall Street and on Washington's seeming inability to tackle its twin deficits. The worst fears were not realised, and October 1987 now seems like a long way off. Moreover, if London learned anything in 1988, it was that trouble enough can be brewed at home without borrowing it from elsewhere. For proof, one need look no further than Friday's trade figures. At £1.6bn, the November current account deficit was close to the market's consensus forecast, and a heartening improvement over the record £2.43bn gap for October which had provoked the most recent rise in UK interest rates. Nevertheless, the November figure gave conclusive proof that the deficit for 1988 — running at £13.38bn in the first 11 months — would exceed the Chancellor's Autumn Statement estimate of £13bn unless Father Christmas pulls something completely unexpected

out of his sack in December. Indeed, the deficit is now likely to approach four times the Treasury's £4bn forecast at the time of the Budget. Looking back, the deteriorating trade position, arguably the single most important factor affecting the equity market in 1988, may be attributed to Nigel Lawson's unseasonal effort to play Father Christmas in March — by reducing income tax rates and by pushing down interest rates at the same time. Expecting more money to spend, taxpayers became consumers — with a vengeance. Too much that was consumed came from abroad. The Chancellor also played another Yuletide role out of season at Budget-time, with results that few publicly foresaw. Ebenezer Scrooge would have applauded the morality implicit in eliminating multiple tax relief on mortgages, but

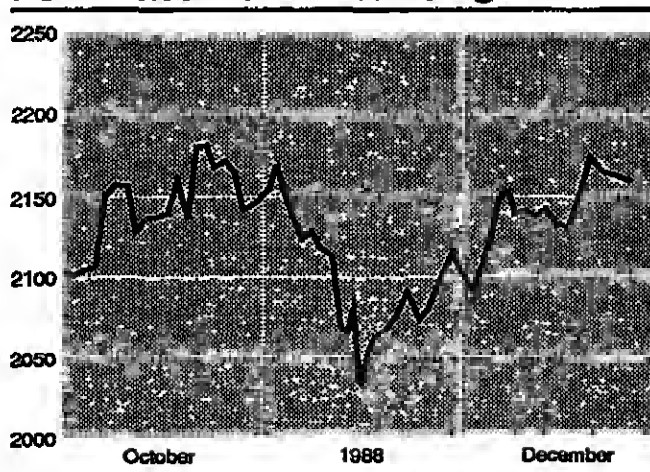
HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1988 High, 1988 Low. Rows include FT Ordinary Index, BICC, Bryant, Camford Eng., Charter Cons., Chelsea Man, Chrysler, Coltins (Wm.) "A", Enterprise Oil, Int. City Hldgs., NEI, Rosehaugh, Sema Group, Smith (W.H.) "A", Unigate.

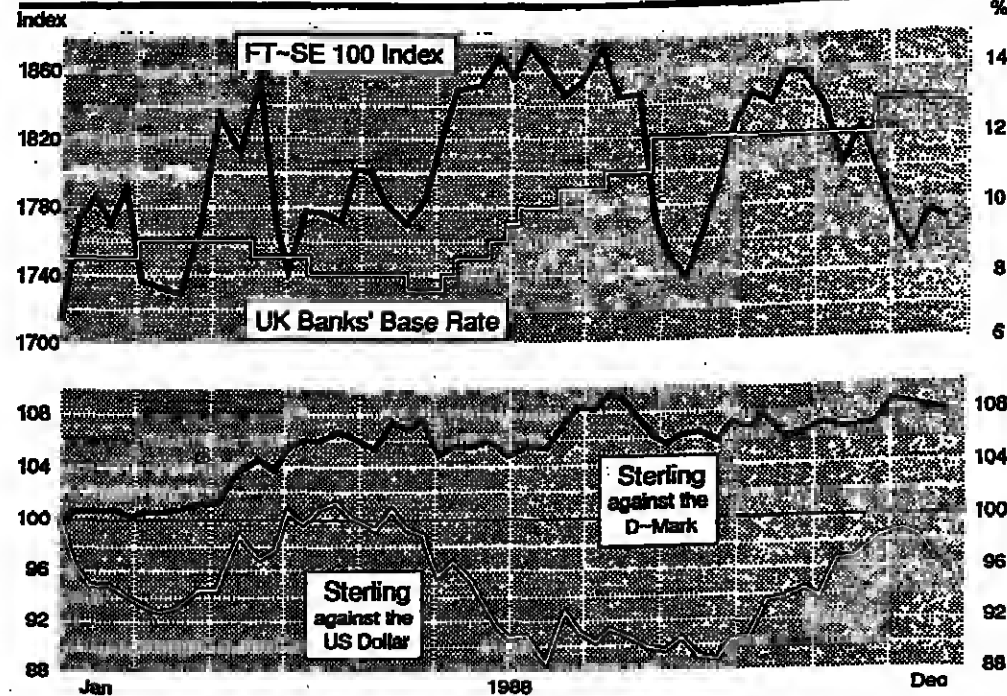
WALL STREET

A great one for the arbs

Dow Jones Industrial Averages



CHRISTMAS began on Tuesday for Wall Street markets, shortly after stocks flirted briefly with a new post-crash high and then began drifting lower on dwindling volume as people's thoughts turned to partying. It was the dying moment of an unassuming although sizeable year-end rally that came early, attracted little attention and petered out prematurely in the usual flutter of tax-selling, portfolio adjustments and other annual chores. From mid-November to Tuesday, the Dow Jones Industrial Average rose 6 per cent but failed to better the post-crash high of 2,133.50 set on October 21. Assuming no great disasters shake the markets out of their inter-holiday mode next week, the year is ending on a markedly subdued note compared with its opening few sessions. The Dow soared 76.83 points on the first day of the year, only to crash 140.58 four days later. It was perhaps the last time index arbitrage and programme trading had the market by the tail. Since then, computer-assisted trades have declined to about 10 per cent of market volume. Although still cited frequently as the reason the market moved on news-less days such as last Tuesday and Wednesday, the impact has been minor. Overall, 1988 was an "inside year," as technicians term the market's performance of trading within the bounds of the previous year's highs and lows. But considering 1987's 1,000-point drop from a record high on August 25 to 1738.94 on Black Monday, investors must have been thankful this year was much more contained. Most took no chances and stayed well clear of stock trading. "It was a professional market and just about everyone else exited," said Michael Metz, Oppenheimer's chief market analyst. "Unless you played the takeovers, you didn't make a nickel." For passive invest-



not the borrowing profligacy — fuelled by recent reduction in interest rates — which the move sparked before the August deadline. The Chancellor started tapping the interest-rate brakes in June but the economic momentum carried on. It is not clear even now whether everyone is simply by the impact of higher mortgage rates in January, although retailers might offer some useful evidence that they are. For the UK economy, the year turned out much better than expected. Too good, may say — but the equity market never got the full benefit. Attention focused on a rising inflation rate. Share prices oscillated within one of the most narrow bands for years. Fewer than 20 points separate Footsie's high and low points in 1988. Excluding an early plunge to the year's nadir — the index closed at 1694.5 on February 8 — the range was even shallower than that. A falling market usually found support at 1740 and a rising one found it hard to stay above 1840. Several midsummer rallies fell just short of 1880. The highest close for the year, 1879.3, was achieved on

August 22. Nevertheless, many analysts were talking of a year-end 2,000 well into the autumn. The gilt market, meanwhile, had to come to terms with a new set of letters, PSDR, as the Government found itself flush with revenue. Public Sector Debt Redemption was marked simply by the Treasury failing to replace issues as they came due and by occasional buying in. In January, however, it will experiment with a more formal "reverse auction." The resulting shortage of stock led to a steeply inverted yield curve, as long-term rates failed fully to reflect the upward march of short-term rates. This week also brought several reminders of two other significant trends this year. The market may rule in the end, but courts on one hand, and the European Commission, on the other, are likely to have a say in the meantime. In the case of Plessey, facing a hostile £1.7bn joint bid from GEC and Siemens, both factors apply. In the High Court this week, the UK electronics company failed to win an injunction to delay the offer until Brussels had ruled. Plessey decided not to appeal

against the decision, which it claimed supported its argument that the consortium offer did need prior clearance from the Commission. The High Court also cleared the way for Britain's 10 water authorities, themselves due for privatisation in 1989, to invest in statutory water companies. US legal rulings, meanwhile, enabled Grand Metropolitan to bring its long-running takeover bid for Pillsbury to a successful close. Once a Delaware court had blocked its poison pill defence, Pillsbury capitulated to GrandMet's slightly sweetened \$5.75bn offer. Back in London, the long arm of the law (DTI division) reached into County NatWest. The investigation centres on the bank's handling of Blue Arrow shares left over after the employment agency's rights issue flop in September 1987. As with the redundancies at Morgan Grenfell earlier in the month, however, there was little room for Schadenfreude elsewhere in the City. And that reaction has nothing to do with seasonal goodwill. Clay Harris

JUNIOR MARKETS

Crown makes radio waves

ANYONE thinking of treating themselves to some USM shares for their post-Christmas stocking might do well to peruse the league table of top-performing stocks over the past year. While being no guarantee of future performance, it does make interesting reading and highlights some sector strengths. The best-performing USM stock in the past 12 months is Crown Communications, a share of which has shown a 364 per cent increase in the year. Crown's major assets are the London Broadcasting Company (LBC) — the only independent radio station in Britain specialising in talk, news and information — and strategic holdings in British commercial radio companies. LBC manages Independent Radio News, which provides services to all 46 independent stations in the UK. Recently, Crown/IRN won a £70m contract to supply British Satellite Broadcasting's Now channel with broadcast news. Crown also owns Independent Radio Sales, which, as agent, places about 40 per cent of the advertising on commercial radio stations in the UK. In the industry, Crown has a reputation in the industry for quality programming and good management. Analysts suggest that when broadcasting is largely deregulated in 1990, it should get one of the three national holdings in franchise, and that it has good earnings' prospects into the 1990s.

Associated Energy Services' share price has shown a 147 per cent gain despite a rocky year. The boiler maintenance contractor and catering equipment importer — which almost three years ago brought in company doctor Maurice Fullerton, who pared back the business sharply — saw its 1987 pre-tax profits leap from 25,882 to £103,295; but for the six months to March 31, 1988, reported a pre-tax loss of 238,173. Cleves Investments, the issuing house, now has management control at AES, having acquired a 29.9 per cent stake. Pict Petroleum makes seventh place, with its shares ahead by 128 per cent. Edinburgh-based Pict is an oil and gas prospector and producer in which the US company, Amerada Hess, holds a 49 per cent stake. Pict's assets have become more attractive as the 1988 drilling programme has turned up more reserves. Colorvision, the television retailer, is in eighth place and showing a 121 per cent gain. All its shops are part-owned by their managers so it attracts entrepreneurs. It reported pre-tax profits of £1.6m in 1987 and £1.9m at this year's interim stage. In ninth place is Cityvision, the video retail group, with a 120 per cent gain. It announced a six-fold increase in pre-tax profits to £1.56m in the half-year to May 31. Analysts believe it could have 200 shops by the end of 1989 and is well placed to boost market share and earnings. Number 10 is Polytechnic Electronics, the navigation equipment-maker, clocking in with a 115 per cent gain. The group went from a £847,000 pre-tax loss to a profit of £1.13m in the year to end-May, reflecting increased production. Fiona Thompson

Rod Oram

estimated 80 per cent of the Belgian market. Now, however, sights clearly are set on the US market and encouraging signs are emerging. In the highly regulated state system there, the company earlier this year was granted a licence to operate in Wyoming and has also acquired race-courses. Ladbroke's pre-tax profits from betting are forecast to increase from £62m to £90m in the present 12 months. Returns from retailing, particularly its Texas Homecare DIY chain, are set to rise sharply. However, with results for the past two months missing, rather than exceeding budget and with the prevailing interest rate uncertainty, the dividend might be pushed to reach forecast pre-tax profits of £35m. The property division is expected to show the smallest increase, with forecasts of £22.2m against £21.4m last year.

Monday 2172.68 + 21.96
Tuesday 2166.07 - 04.61
Wednesday 2164.04 - 01.43
Thursday 2160.58 - 04.23
Friday

Ray Bashford

A whole way of life has come to an end in London's financial heartland, says Heather Farmbrough

Christmas spirit is diluted in a subdued City

THE GHOST of Christmas past is haunting the City this year, specifically that of 1974. Then, as now, bonuses were cut and a third of the stock exchange's firms disappeared. Christmas 1974 occurred right at the bottom of the market and was for many people the time to decide whether to leave the City for good.

Yet, down on the market floor there was merriment as usual. Eric "Ginger" Baker donned his Eighth Army khaki shorts and pith helmet and gave his annual performance of "Oh, for the wings of a dove," and there was some singing - mostly carols. Then, a couple of men in white coats came to take him away, as usual.

"I used to have a lot of fun, especially at Christmas," recalls Ginger. "There used to be a chap who dressed up as Father Christmas. I never knew who was inside his uniform, though. He used to walk around with two buckets and he used to collect an enormous amount of money for charity."

"There was another character called Percy Duke, as well, who used to dress up as a schoolmaster, while some others used to dress up as schoolboys."

Highly appropriate, perhaps, for a club consisting of overgrown schoolboys. Ginger argues that "the humour was highly sophisticated. Some people spent quite a lot of time planning their performances." But stock exchange humour

has always been cruel, too, even at Christmas.

J. Dundas Hamilton, a former deputy chairman of the London exchange, recounts an incident from the 1980s which was told to him by his father, also a stockbroker. "There was a chap called Savage, who used to be teased a lot because he had a stutter. A group of characters got together and decided to hold a spoof raffle one Christmas."

"They all paid one shilling for a ticket but got their money back. Savage was the only genuine investor. All the runners-up prizes were spoofs - empty packets of cigarettes and so on."

"Anyway, all these characters went down to Gow's fish shop, which also sold turkeys, in Old Broad Street and they filled a soft wicker game basket with stones, attached a turkey's head and legs at each end, and wrapped it all up in newspaper. There was a tremendous celebration in the market when they presented Savage with it. My mother thought it was tremendously un-Christian."

"After Christmas, Savage was asked whether he had had a good Christmas and if he enjoyed the turkey. 'Oh,' he said, 'well, my wife had already bought one and the one you gave us was a bit big. Actually I met this young girl at Waterloo in the bar. He offered me £5 for it, so I sold it to him.'"

Occasionally, the jollity was



absent. "There wasn't much during the war years because too many people had too many tragedies," recalls Ginger, who got a job as a stock exchange messenger at the age of 14 as the age limits had had to be lowered.

But there was more to Christmas on the stock exchange than just overgrown schoolboys having a bit of fun. Each year, large sums of money were raised in the market for charity through schemes like the exchange's Help Yourself magazine,

Christmas raffles and draws, and from drinking clubs like the Froth-blowers. If Christmas was a time for spending the bonus (in good years) on drink and more drink, there was also a strong element of bonhomie and benevolence.

Two years ago, it all began to change. When the Big Bang put an end to the stock exchange floor, it killed the sense of community. "You had a problem, you simply went down to the market and sorted out who said what and solved it," recalls

Alan Hurst Brown, a former senior partner of Bosc & Pittman, now S. G. Warburg Securities. The system relied on personal contact and relationships.

As the dealers left the market floor for offices and screens, a whole way of life came to an end. "It was one of the best clubs in London," says Marcus Colby who, at 84, still works for W. L. Carr. "You used to see your friends every day."

Nostalgia is a proverbial Christmas indulgence. This year, as in 1974, jobs are less

secure and everyone has friends who have been laid off. But there is no market place to work off some of the tension with a few jokes. Many of the old watering holes have disappeared, to be replaced by chromium-plated brasseries long on champagne but short on atmosphere.

Although less than five years old, the Pavilion at Finsbury Circus is one of the City's longest established drinking haunts. At 3 pm one day this week there were only 10 people in there, according to Tim the barman, who has worked there for two years, they were "the reprobates. The majority are partners or directors of the 'older' City firms. That's a partner of Crieson Grant over there." He might have added that most were far too old (in their 40s) to be yuppies.

"This year is better than last year," Tim said, "and we've sold two or three crates of champagne this lunchtime. But it still isn't as good as Christmas 1988."

The reason? "We've entered the real world," says one dealer. "A lot of firms have cut out their Christmas parties, and most of those which took place haven't been such merry affairs."

The sausage roll, plunk and disco bash down in the Long Room, where the drunken waitress had to be torn away from the senior partner, is on the way out. "You have to be up so early the next morning, you can't afford to drink too

much or have a late night," according to one director at a large securities house. "I didn't bother to go to our office party," admits one of his colleagues. "There's no point when there's a thousand people going and you know only about 60 of them." It's not exactly good for staff morale.

Since the Big Bang, there has been a new-style Christmas party, a large buffet for institutional clients that is cheap but impersonal. And the emphasis is on quantity, not quality. "There are fewer stockbrokers' parties this year," reports Mike Kershaw, investment manager at Royal Life. "People seem to get drunker - it's desperation and insecurity due to lack of business."

There's far less style about Christmas. At one time, most of the brokers you knew well used to invite just a few people in and you had a bet on the index for next year over the port and brandy. Now, it's all bigger and tackier. But at least stockbrokers are still more likely to be claret louts than lager louts.

As stockbrokers rank somewhere between journalists and bookies in the public's esteem, few outsiders will mourn the passing of Christmas spirit in the City. But the old humour hasn't died completely. One of this year's jokes runs like this. What is the difference between a stockbroker and a chicken? Answer: the chickens are being culled before Christmas.

John Edwards on a good idea gone sour

PEPs face oblivion

WHAT IS THE Government going to do about Personal Equity Plans (PEPs)? In the second year of this scheme, which was supposed to encourage wider share ownership by offering special tax-free concessions, the number of PEPs sold has slumped disastrously.

There has been some extra interest in recent weeks from investors who buy PEPs near the end of the year so that their money is locked away for the minimum period of a year and a day. Nevertheless, it seems likely that total sales for the year will be around 50,000 plans. This compares with the 260,000 sold in the first year they were available (1987), which was considered very disappointing by the Treasury.

Unless something is done to improve the attractiveness of PEPs, sales are likely to be even lower in 1989 since several companies have decided to withdraw from the market. Barclays, which was one of the most enthusiastic supporters when the scheme was announced in 1986, said recently it would delay introducing a 1989 version until it saw whether the Budget brought any improvements. It sold only 3,500 plans this year compared with 15,000 in 1987.

The TSB, which, in theory, should have been a big seller of PEPs to first-time investors, has also pulled out. So has Framlington, which had a unique PEP unit trust. In spite of a good investment record, its sales dropped from 9,400 last year to only 4,300 this year and the venture evidently was not profitable.

There are still a lot of PEPs around but only a few serious players are left and it is becoming increasingly evident that the whole scheme is destined for oblivion unless some radical changes are made.

Treasury officials have been asking leading PEP managers such as Lloyds, Save & Prosper and the Bradford & Bingley Building Society, what changes they would make to boost sales.

Coupled with reports that the Chancellor is looking at ways to encourage personal savings, rumours have abounded that the Treasury will finally do something to rescue the PEP scheme, which is turning out to be an embarrassing failure for the Government.

The problem is: what

changes could be made? PEP managers are convinced that the only salvation would be to allow tax relief on the money going in, like the French Lot Monory scheme, rather than the present concessions which give only tax-free benefits on money coming out.

However, they must have been discouraged by reports from Treasury sources this week that the Chancellor is unconvinced about the effectiveness of tax incentives as a way to boost total savings. The argument is that favourable tax treatment for one scheme, like PEPs, would simply attract money away from other investments, so doing little to boost savings overall. The Treasury would risk losing tax revenue without much increase in total savings.

Mark Gerdes, of the Bradford & Bingley - which has sold more than 30,000 plans and is third only to Lloyds and Save & Prosper - believes the Treasury could offset the relief given on money going in by taxing money coming out,

	1987	1988	Total
Lloyds	50,000	24,000	74,000
Save & Prosper	27,500	7,000	34,500
Fidelity	30,000	-	30,000
Bradford & Bingley	17,450	13,000	30,450
Nat West	15,000	21,500	36,500
Barclays	15,000	3,500	18,500
Hill Samuel	8,000	4,000	12,000
TSB	6,000	1,000	7,000
Midland Bank	12,000	4,500	16,500
Framlington +	9,400	4,300	13,700
Yorkshire Bank	2,035	1,225	3,260
Barclays +	15,000	3,500	18,500
Total	260,000	55,000	305,000

Source: Bradford & Bingley Building Society

Notes: + withdrawn 1988; + still planning 1989 PEP

especially if any of the original capital sum invested was withdrawn. Another idea would be to limit the tax relief to the standard rate only, so keeping down the cost and reducing the benefits to high-rate taxpayers.

He says first-time investors have been put off PEPs, partly by the October 1987 stock market crash underwriting interest in shares generally and partly by the scheme's complications, which mean that the charges imposed largely eat up the tax benefits. He would also like to see the scheme based on the

fiscal year (April to April), instead of a calendar year, to simplify the tax benefits gained.

Bradford & Bingley, the only building society to market PEPs seriously and act as a plan manager, says it has found first-time investors understand them better than unit trusts. It also found equal interest from women and men in its Blue Chip PEP, but women accounted for only 28 per cent of investors in its more risky Enterprise plan. Gerdes sees 1989 as a make or break year for PEPs which, he feels, are a good idea that was not thought through properly.

Lloyds Bank is happy with its dominant share of the market, which this year rose to about 40 per cent of the total with sales of some 24,000 plans. It was the biggest seller last year with 50,000. The bank's Derek Booker says it has a long-term commitment to PEPs and he is confident something will be done sooner rather than later to improve the scheme. Booker agreed that tax relief

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Notes: + withdrawn 1988; + still planning 1989 PEP

on the way in was needed to provide a major boost, and that it also would help to remove some of the restrictions and complicated regulations that increased costs and charges. He noted that the limit on holding cash for a maximum of only 31 days meant fund managers might be forced to invest when it would be wiser to stay out of the market.

Lloyds has been receiving a flurry of applications in recent weeks as the year-end approaches, and is also encouraging existing PEP-holders, who have not invested the maximum of £2,000, to top up their plans. However, there is some apprehension that existing holders of PEPs may be tempted to pull out when they "mature" in January.

Under the regulations, a plan has to be held until the end of the following year from when it was taken out before it can be surrendered without forfeiting the income and capital gains tax concessions. This means that plans taken out any time in 1987 - from January to December - can be ended next month with the tax free benefits retained.

Investors who take a gloomy view of UK stock market prospects, and would prefer to switch their money to a more flexible and less expensive vehicle, may well be tempted to come out of PEPs. In most cases this would probably be unwise, since the profits made from investing on the UK market during the past two years have not been great and, like unit trusts and endowment pol-



Chancellor Lawson...radical changes are needed

icies, the initial front-load charges reduce the returns made in the early years.

The tax benefits enjoyed by PEPs, allowing the reinvestment of gross dividends, are to a large extent wiped out by the higher level of charges, so many 1987 PEP-holders may find they have made precious little, if anything, on their original investment. Therefore, unless you have an urgent need for the money, it doesn't make much financial sense to surrender the plan at this stage.

What about investing in a 1989 plan? In its present form, the PEP scheme is flawed seriously. The restrictions on the amount that can be invested, and the confinement to UK shares only (with the exception of the unit or investment trust element), means there is a high risk since only a limited spread can be achieved and little can be done if the UK stock market is flat or falling. At the same time, the complications and regulations mean that administrative charges are higher than the average fund.

The case for buying a PEP is the tax-free concessions that are of special appeal to high-rate taxpayers, with the top rate for capital gains having been increased to 40 per cent and the annual exemption reduced to £5,000. So, if you want to keep at least some of your portfolio in the UK market, it makes sense to take advantage of the tax concessions offered by PEPs.

Additionally, with several schemes you have the choice of keeping all your money in cash, earning interest at the higher gross rate until the end of 1989 and going into the stock market only in 1990. The extra interest earned from the savings on tax not being deducted is offset to some extent by the charges. However, it might prove a worthwhile strategy if you believe UK interest rates will stay high this year but that shares will become good value in 1990.

There is also the possibility of getting in on the ground floor, from the beginning of the year, of a PEP scheme that could be improved greatly in 1989. There have been enough hints from various Treasury ministers, including the Chancellor, that something will be done.

A soft option would simply be to allow the whole sum to be invested in a special type of investment or unit trust, since a tax-exempt fund of this kind would certainly be taken up enthusiastically by the beleaguered unit trust industry. But Nigel Lawson, in possibly his last Budget, might well decide to make his mark with much more radical proposals.

Eric Short reports on a rise in bonus rates

Norwich and CU give clients a nice present

CHRISTMAS has come early for holders of with-profit insurance policies with Norwich Union and Commercial Union. Both have announced increased 1988 bonus rates, which will result in higher maturity pay-outs for policyholders in the new year.

Hugh Scumfield, of Norwich Union, can play the role of Santa Claus thanks to the sterling efforts of its investment team in a year when stock markets have not been particularly inspiring overall.

Norwich Union has always invested its with-profit fund - now worth £9.5bn - in equities and property, with no fixed-interest holdings. This is a grossly mismatched position, but one that apparently is acceptable to the Department of Trade and Industry and the Government Actuary's Department (totaling £1.5bn at the end of last year).

Second, the group has always been a dominant investor in property, including developments, and this now accounts for around 40 per cent of its with-profits fund - far higher than most life companies.

Property has been a good investment in 1988 generally and for NU in particular. Scumfield reports a 23 per cent

return this year, following last year's 34 per cent growth.

Third, dividend growth on UK equities continues to be strong. For an expanding fund, the actuary in his valuation can pay more attention to dividend growth as well as capital values. This results in the actuary being able to assess a higher equity return than is indicated by the capital value movement.

However, bonus rates reflect the average investment performance over the term of the contract. The average return over 10 years is now falling - the good returns in the 1970s are going out of the average. But, for 25 years, the return is still rising with the benefit of the good years of the 1970s being retained.

Norwich Union has reflected this feature in its bonus pattern, with improvements going to policyholders with longer-term contracts.

The basic reversionary bonus rate is held at 25 per cent per annum compound. The improvement comes in two forms: a special reversionary bonus payable for the longer-term policies and higher terminal bonuses, also for the longer terms.

For policyholders with contracts not yet maturing, the special bonus added to the ordinary reversionary bonus

will provide a wider base on which future bonus declarations will apply. But the effects on policyholders whose contracts are maturing in the next few months are shown in the table.

Those with 10-year maturing contracts should not feel left out. The general market expectations were for 10-year maturity values to fall. Indeed, this does happen to Commercial Union policyholders as seen from the table.

CU is maintaining its basic reversionary bonus rates this time, thereby maintaining the benefit base on which future bonuses will be calculated. The extra benefit goes to policyholders with the longer-term contracts maturing over the next few months.

CU is increasing the terminal bonus rate on a rising scale for contracts taken out before 1975. This reflects the average investment return pattern mentioned above, and is shown in the table.

Policyholders in other life companies have to wait until the first weeks of the New Year or beyond before knowing what their company will do to bonus rates.

However, a pattern similar to Norwich and CU can be expected, with possible lower maturity values for 10-year contracts.

Maturity Values - Contracts taken out by a man aged 29, with monthly premiums of £30 gross

	10 Years		Charge	25 Years	
	Maturing Jan '89	Maturing Jan '88		Maturing Jan '89	Maturing Jan '88
Norwich Union	8,296	8,293	-1.9	64,204	60,383
Commercial Union	7,638	7,783		52,643	48,430
					Charge
					Jan '88
					%

It's back to the drawing board at London Life

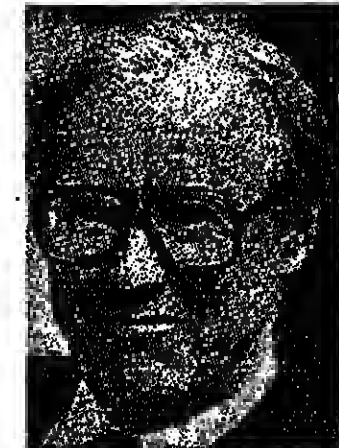
THE BOARD of the London Life Association, headed by president Oliver Dawson, has adopted the most sensible course of action regarding its proposed merger with Australian Mutual Provident. Following the decision by the High Court to defer until February its hearing over the issue, London Life is starting afresh after the legal setbacks to its original procedures.

The anticipated timetable is now as follows:

- A new merger document will be posted to policyholders as soon as possible after Christmas.
- There will be an extraordinary general meeting to seek their approval. The venue is the ballroom of the Grosvenor House Hotel in Park Lane, London, on January 27.
- The High Court hearing is set for February.

The board has learned something from the previous fiasco. The Grosvenor House ballroom can hold about 1,500 people and this, it is hoped, will avoid a repeat of October's chaotic meeting when 900 policyholders tried to get into the Barbican Centre, which could hold only 280.

However, policyholders are



Oliver Dawson, president of the London Life Association

still waiting to see if London Life produces a realistic merger document that will enlighten rather than confuse them. This means explaining, if possible with some figures, why the board thinks the merger is in the group's best long-term interests and what would happen if London Life continued to go it alone.

Above all, the document needs to explain how London

Life would operate within the AMP Group, in particular the decision-making process which affects London Life's business strategy, investment policy and the pricing of products and bonus declarations. The statement that "AMP is the largest life group in Australia" has so far cut little ice with some London Life policyholders.

On the other hand, the dissenters should now stop obstructing the merger simply because they do not like Australians. They must put up viable alternatives and be prepared to take the necessary action themselves.

There is, for example, no point in just talking about a merger with Equitable Life - which has made clear (a) that London Life must make the first approach and (b) that a merger will be considered only if the terms are in the interests of Equitable's policyholders. An automatic rescue is a non-starter.

Thus, if London Life policyholders want their board to start talks with Equitable, they may first have to take control of the board.

Test of memory

See how much you can remember of 1988 in our Christmas quiz. For those who need to cheat, the answers are below.

- Who shook the Rock and left a lot of unhappy victims?
- Which well known stockbroker agreed to say Yes?
- Which tycoon rose from his bed, sold some of his company shares, twice, gave up control and then grasped it back?
- Who sought to shed old mutual friends in favour of City slickers?
- Who tried to take over the store with too small a key?
- Name the famous bankrupt rebuilding his career?
- Who is the new dough boy?
- Who went from share dealing to sausage making?
- What does COMPS stand for?
- Who defied the spirit of the OET?
- Who turned 60 into 40 and 27 into 25?
- What does MIRAS stand for?
- Who got a shock when trying to establish a new life?
- Who went from Access to Visa and back to Mastercard?
- What does AFBD stand for?
- Who pensioned off 2267?
- Which saintly figure started dabbling in unit trusts?
- Who was thrown off the train after only a year's ride?
- Who mixes historic with the future?
- Who found a new jockey for his horse?
- Whose tiny hand is stuck?
- Which Lilliputian figure became a carpet salesman?
- Who teamed up with the Swiss to help build castles in Spain?
- Who was shown the back door at a famous hotel?
- Who is the new chairman of the stock exchange?
- Who re-landscaped their unit trusts?
- Who was replaced by a pedestrian from the Bank of England?
- Whose boat sank?
- Who got legal aid?
- Whose assets went down the mine?

- Peter Clowes.
- Sir Nicholas Goodison, who left the stock exchange to become chairman of the TSB.
- Tony Clagg, of Mountleigh Property.
- The Abbey National Building Society, which wants to become a public limited company quoted on the stock market.
- Benlox, which made a takeover bid for the Storehouse group.
- Willie Stern.
- Allan Sheppard of Grand Metropolitan, which is taking over the Pillsbury group; it uses the Doughy symbol.
- Tom Wilmot, who left Harvard Securities and took over a sausage manufacturing company in Brighton.
- Contracted Out Money Purchase (Pension) scheme.
- Elders, when it went on buying shares in Scottish & Newcastle after being told its takeover bid was being referred to the Monopolies Commission.
- Nigel Lawson, in cutting income tax rates.
- Mortgage Interest Relief At Source.
- The AMP (Australian Mutual Provident), which plans to merge with London Life.
- Lloyds Bank.
- Association of Futures Brokers and Dealers, one of the self-regulatory organisations.
- The Inland Revenue, when the special Section 226 pensions for the self-employed were replaced with the new personal pensions.
- St Michael (Marks & Spencer).
- Martin Currie, the Scottish investment house, which was dismissed as a manager of the British Rail pension fund.
- Unit trust groups, with their new pricing systems.
- Lloyds Bank, which is teaming up with Abbey Life to run its Black Horse subsidiary.
- Alan Bond, who is facing severe criticism from "Tiny" Rowland over the stake he has built up in Lonhro.
- James Gutterer, who took over the Harris Queensway group.
- Abbey National, which teamed up with a Swiss company to provide mortgages for buyers of property in Spain.
- Rocco Forte.
- Andrew Hugh-Smith.
- Capel Curry-Myers, which has renamed its Vanguard unit trusts "Capability" after a promotional campaign featuring the famous landscape geographer, Capability Brown.
- Kenneth Berrill, whose job as chairman of the Securities and Investments Board was taken over by David Walker from the Bank of England.
- Peter de Savary's America's Cup challenge boat, Blue Arrow.
- Ernest Saunders, former Guinness chairman.
- Touche Renmant's Industrial & General trust was taken over by the Coal Board's pension fund.

Eric Short

DECEMBER 24 1988

Clay Hunt

MARKETS

makes waves

FINANCE & THE FAMILY

Heather Farmbrough seeks some expert advice on investing

Where to put your cash in '89

WHERE SHOULD you put your money in 1989? To crystallise the views of the experts, ten investment fund managers were asked a set of standard questions on the outlook for next year. Most found the first three questions easy to answer, although the responses varied considerably. But answering the last question proved a little harder.

landings bites with high interest rates. William Long at National Investment Group is more optimistic about the second half. Most bullish about the UK is Hugh Jenkins at Allied Dunbar who points out there is a vast amount of cash overhanging the market. He argues: "If there is a rally in the second half, it will be a very violent reaction." Even if there is only a small increase in institutional cashflow in 1989, there could be as much as £14bn to go into equities, compared with £10.8bn in 1988, according to Warburg Securities.

and domestic demand mean reasonable prospects for corporate profits and hence equities. Asking managers to nominate other people's investment product produced some anguished hand-wringing, but only Graeme Knox at Scottish Amicable refused to do so for both the short and long term. Some managers argue the best place for cash over the next year is a high street high interest account. Patrick Gifford at Robert Fleming is most practical in pointing out that the best short-term investment is to pay off debts, where you are borrowing money at a high rate of interest, such as mortgage loans. He also came up with the most complicated investment strategy for the short term, suggesting that UK investors should buy 7 per cent Dutch government bonds yielding 13.5

per cent and hedge against foreign currency fluctuations by buying back the pound two months forward on the spot market. The only unit trust which collected two votes is the M & G Recovery trust, nominated for the long term. Fundlily enough, M & G's man, James Shillingford, didn't pick it himself. A compromise strategy based on the collective view might be to put all your cash into a high interest account for the next few months and then switch it back into the UK market. You could also consider putting it into European unit trusts for 1989 if you don't mind paying front end charges and management fees. Longer term, it's M & G Recovery for the UK and Far Eastern trust for overseas. A word of warning: fund managers are eternal optimists.

WHAT FUND MANAGERS PREDICT FOR 1989

Table with columns: Name, Title, What will FTSE 100 be at end of 1989?, Are you bullish, bearish or ambivalent about the UK?, Choose only one country to invest in, If you could buy two investment products for the short term, and two for the long term, which would they be? Only one of each may be from your own stable.

IN BRIEF

Skipton launches overseas account

SKIPTON BUILDING Society is claiming to offer the best overseas investment rates on the market with the launch of a new overseas account. The 90-day notice account will offer 13.25 per cent on the top band for investments of £25,000 or more. The account is effective from January 3, next year, and will operate alongside Skipton's existing instant access expatriate account, Sovereign Overseas. Both are designed for investors who are not ordinarily resident in the UK with a minimum of £500 to invest.

The Woolwich has raised the rate on its 90-day Premium Investment Account by between 0.5 per cent and 0.85 per cent. Savings of £500 will earn 9.25 per cent interest, while balances of £40,000 plus will earn 10.25 per cent. Leamington Spa is also increasing the rate of interest paid on its High Flyer and Super 90 accounts from January 3 by 0.5 per cent. On balances of £1,000, investors will earn 9 per cent; on balances of £10,000, 9.75 per cent. This compares quite favourably with Girobank's maximum

10.1 per cent on £50,000 plus in the high interest cheque account. On balances between £1,000 and £9,999, the High Interest 90 day notice account yields 8.50 per cent. Challenger & Gloucester is also raising the interest rate for balances of £1,000 and over by 0.85 per cent. On balances of £1,000 up to £9,999, the rate of interest will be 9.25 per cent, while large investors with £25,000 plus will earn 9.5 per cent. Norwich & Peterborough is offering 10 per cent on balances between £5,000 and

£24,999, and 10.4 per cent on balances over £25,000. Leeds Permanent has also raised investment rates, paying 8.50 per cent for balances over £500 and up to 9.25 per cent on larger sums. On balances over £25,000 in the Liquid Gold account, the top rate is 10.25 per cent.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Cleared bank, Building Society, National Savings, Money Market Account, UK Government Stocks. Includes interest rates for various terms and amounts.

In case you haven't already made your New Year resolutions, Save & Prosper have some suggestions. This is a summary. ■ to apply for a personal pension to gain up to £7,000 worth of pension contributions from the government; ■ move from a non-interest paying current account to one which does; ■ to apply for a low interest credit card; ■ take out a school fees plan while interest rates are low; ■ carry back pension contributions to get them relieved at the old higher tax rates; ■ start an unit trust savings plan to accumulate capital; ■ make a will; ■ prepare for separate taxation of husband and wife; ■ consider opening a designated unit trust for children or grandchildren; ■ ensure the first £3,000 of any investment benefits from the tax advantages of a personal equity plan. It may come as no surprise to learn that S&P offers PEPs, unit trusts, school fee plans, personal pensions, low interest credit cards etc.

Heather Farmbrough

CORRECTION The author of last week's article "Skipton catches taxman napping" in last week's Finance & the Family section was David Cohen, a partner in the firm of London solicitors, Painsner & Co.

DUNEDIN Fund Managers, the Edinburgh-based company, believes it has made a breakthrough in the North American market.

Earlier this week, it announced it had been chosen by Lord Abbett, the large US mutual fund group, to manage part of a new global fund for American investors. Lord Abbett is one of the leading independent fund managers in the US, with \$6bn under management in mutual funds and a further \$3bn in corporate pensions. Recently, it launched a Global fund which offers US savers a spread of investments in the main world stock markets, and has signed up Dunedin to run the non-US assets. Lord Abbett has 450,000 mutual fund investors spread throughout the ranks of middle Americans. It runs the \$3.5bn Affiliated fund, one of the biggest and longest established US mutual funds. But, in common with most other US mutual fund managers, it had not until recently introduced its savers to the idea of investing outside the US. It is now pointing out to them that while the US equity market accounted for two-thirds of the world's stock market capitalisation in 1970, it now makes up only about a third.

The global investment bandwagon has begun to roll and will do nothing but accelerate, said Ron Lynch, senior US manager of Lord Abbett. "You can't wait for it to happen; you've got to get in now." So far, the Lord Abbett Global fund has only about \$15m worth of assets under management but hopes to grow through direct marketing to its major investors. According to Lynch, because Lord Abbett does not have much experience in managing funds outside the US, it turned to Britain for a sub-adviser to manage the non-US portion of

James Buxton on a coup for Edinburgh

growth - the result of several years of development. "It's taken about four years to establish ourselves in the US," says Alan Kemp, Dunedin's investment director. "You have to keep going back again and eventually you get a chance to pitch for the management of pension funds." For several years, Dunedin has had an office in Tokyo, staffed only by Japanese, which serves as a centre both for research and marketing there. It has now acquired four Japanese institutional clients and Kemp says: "The Tokyo office is no longer a net cost."

Breaking ranks with most other fund managers in Edinburgh, Dunedin a year ago abandoned Charlotte Square - where it had an elegant Georgian headquarters - and moved its 80 people to a modern, purpose-built office block which makes up for what it lacks in external appearance by being adapted better for new technology. It thus combines the supposed detachment of the Scottish investment tradition with a more up-to-date image than its rivals. The three investment trusts with assets totalling £1bn, it account for the bulk of the £1.6bn Dunedin has under management. It also has a clutch of unit trusts. But overseas institutional clients are the area now showing most

Heather Farmbrough on BES investments

Trickle may become a flood

NOT EVEN the most assiduous reader of Business Expansion Scheme prospectuses could be expected to plough through assured tenancy issues after a few ports or brandies this Christmas. So it may come as a relief to know that you can still invest in BES companies without having to even look at an assured tenancy prospectus. You could be forgiven for thinking otherwise as these rather tedious property letting companies have already raised £105.3m this year, according to BES Investment Research, compared with only £35m for non assured tenancy schemes. In fact, some of the better looking companies currently seeking capital have been around for quite some time, such as Patricia Wigan, Chimes Restaurants and Divefish. All three have raised the minimum subscription needed, but are still hoping to raise the maximum allowed under the scheme of £500,000. Anyone who has come across the Osh-Gosh phenomena (the wearing by children of beautifully designed, well made and expensive own-label clothes chosen by their parents) will have noticed that there are a lot of people who are prepared to pay a considerable amount of money for their children to wear designer label clothes. This is all grist to the mill for Patricia Wigan, a company which wholesales and retails own-label children's clothes. This is a growth market, as sponsors Lawnstone have evidently recognised. Chimes Restaurants, headed by Bruce Tanner, the former British Travel boss, is buying and developing an existing

Pimlico restaurant to specialise in traditional English food. The company plans to buy further restaurants. The menu looks quite good and the management has a reasonable track record. John Harrison of BES Investment Research thinks that Divefish is a good bet for capturing the market for assured tenancy properties. The company has been up to buy and charter out specialist diving support vessels for the North Sea and elsewhere, and the first vessel is due to be purchased in January. The directors believe that North Sea charter rates are set to rise significantly. For those who like a gamble, there is also West End Angels. These angels are theatrical production fund-raisers rather than the flock-watching variety. West-End Angels has an impressive board under the chairmanship of Lord Bruce Gardyne and the managing director is Nigel Douglas, a former opera singer who is now a leading opera expert. The idea is that the company will raise money for theatre productions, principally of musicals and operettas. A word of warning. Theatre production is a very high risk business. This may well be one of the better companies in the business, but if you invest, you will have to part with at least £3,000 and there is a chance you may never see it again. Finally, a prediction. There will be a trickle of assured tenancy issues in January, a torrential downpour in February and a flood in March. So if you are interested in investing, put aside some time to read through the prospectuses to work out why one assured tenancy scheme is different from any other.

Visa and Eurocard reach an accord

GOOD NEWS for travellers in Europe. The two main European credit card organisations, Visa and Eurocard, have buried the hatchet and are to allow their card-holder customers to withdraw cash from automatic dispensers at each others branches. It will take some time for the agreement to be implemented and individual banks will have to decide whether or not they want to take advantage of it. However, it should mean that anyone with a card carrying the Eurocard logo should be able to use the 13,500 Visa cash dispensers across Europe and Visa card-holders will be able to use a slightly smaller number of Eurocard cash dispensers. Automatic cash withdrawal facilities are now well on the way to making travellers' cheques obsolete, though travellers expecting to pay very large bills may still find it sensible to take travellers' cheques with them. David Barchard

Scottish fund gets the Abbett Habit

He regards the time spent as well worth it compared with the UK pension fund market, he says, "the numbers in the US are very large and the fees are better." Not only has Dunedin gained the management of part of a major US pension plan - it also has part of one in Canada. Recently, it opened an office in Montreal from which it is running the Dunedin International, a Canadian-registered mutual fund designed to appeal to institutions and rich individuals in that country. The office will also act as a base for marketing in the US and Canada, and for servicing Dunedin's existing North American clients. For several years, Dunedin has had an office in Tokyo, staffed only by Japanese, which serves as a centre both for research and marketing there. It has now acquired four Japanese institutional clients and Kemp says: "The Tokyo office is no longer a net cost."

COMPANY NEWS SUMMARY

Table with columns: Company, Value of bid, Market price, Price before bid, Value of bid, Bidder. Lists various companies and their financial details.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists companies and their financial performance.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Earnings, Dividends. Lists companies and their interim financial statements.

RIGHTS ISSUES

Chillingham Corporation is to raise £2.5m via a one-for-four rights issue at 130p. Danks Head is to raise £420,000 via a one-for-four rights issue at 20p. Redstart International is to raise £20m via a two-for-five rights issue at 40p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

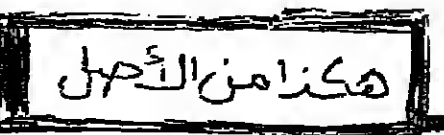
Table with columns: Company, Announcement date, Last year, This year. Lists companies and their financial performance.

RESULTS DUE

Table with columns: Company, Announcement date, Last year, This year. Lists companies and their financial performance.

BRITAINS REGIONS - THE BOOM MOVES NORTHWARDS?

The Financial Times proposes to publish this survey on: 27th January 1989. For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore on 01-248 8000 ext 4152 or write to her at: Bracken House, 10 Cannon Street London EC4P 4BY. FINANCIAL TIMES EUROPE'S BUSINESS NEWS PAPER



Donald Elkin puts 20 questions for expatriates to ponder over the holiday period to see whether they could be saving money in 1989.

EXPATRIATES Some posers to ponder

- 1. You continue to be treated as a UK resident. Can you over-see assets avoid British tax? 2. As a person who is NR/NOR (not resident and not ordinarily resident) in the UK, I cannot be liable to any direct taxes there. Is this true? 3. In what circumstances could you lose your status of NR/NOR in the UK? 4. You receive some interest from a British bank and building society. What effect will submitting a declaration of non-ordinary residence have on this? 5. Is it true that a married woman is a nonentity from a UK tax point of view? 6. What is domicile and has it any tax significance while you are a non-UK resident? 7. Can you obtain Miras (Mortgage Interest Relief At Source) in relation to your UK residence while you are non-resident? 8. Can the capital gains tax exemption attaching to it be protected while you are living and working overseas? 9. If you let a UK property, how can you ensure the tenant will give you vacant possession when the lease ends? 10. Your letting agent makes deductions on account of tax liability without your permission when paying over rents received. Is he entitled to do this? 11. What tax right do the following classes of person have in common: (a) British subjects, (b) Commonwealth and Irish citizens, (c) employees of the Crown, an overseas territory under British protection or a missionary society, and (d) those resident outside the UK for the sake of their health? 12. Do you have to continue paying UK national insurance contributions after moving overseas? 13. Can you make a UK will while not resident in Britain? 14. "Your children are exempt from tuition charges at British universities because you are a British subject." True or false? 15. Are the benefits of Britain's free National Health Service available to you? 16. Can you qualify to pay contributions on a UK Personal Pension Plan? 17. What is an "umbrella fund"? 18. Which offshore fund sector has produced the best average performance in sterling terms over the past six to 12 months? 19. If you deal with a registered intermediary (eg, a FIM-BRA member), are the rights and duties created by the Financial Services Act the same as if you had been a UK resident? 20. What important tax change already on the statute book will take effect from April 6, 1989? Answers on the bottom of this page.

11. What tax right do the following classes of person have in common: (a) British subjects, (b) Commonwealth and Irish citizens, (c) employees of the Crown, an overseas territory under British protection or a missionary society, and (d) those resident outside the UK for the sake of their health?

12. Do you have to continue paying UK national insurance contributions after moving overseas?

13. Can you make a UK will while not resident in Britain?

Revenue won't allow claim

AS AN adjunct to our normal business of renting holiday accommodation, we have recently completed work on the complete modernisation of a Grade II listed cottage which we bought for around £30,000. The work done has cost a similar amount and included reconstructing chimneys, gables and large sections of weathered brickwork. The internal layout was amended to provide a bathroom/WC and WC where water was connected and plumbing and central heating installed. All ground floor ceilings and plasterwork were completely renewed and modern concrete floor put in. The cottage has now been sold but the Customs and Excise has summarily dismissed our claim for input tax on the basis that the works are not considered to be "substantial reconstruction." Please advise on whether you feel that we can reclaim input tax and if so, the mechanics of an appeal.

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Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All replies will be answered by post as far as possible.

£30,000 of mortgage can be used as a taxable deduction on our furnished letting income. First question: Yes. Second question: By assessment. Third question: Yes, broadly speaking. Ask your UK tax office for the free explanatory booklet IR27 (Notes on the Taxation of Income from Real Property). You might also like to ask for booklet IR11 (Tax Treatment of Interest Paid) and pamphlet IR68 (MIRAS) - but bear in mind that they are not up-to-date.

precisely when the house ceased to be each child's main residence. Your parents' rent-free occupation does not appear to satisfy section 105 of the Capital Gains Tax Act 1979 (repealed by section 111 of the Finance Act 1988), despite extra-statutory concession D20 in the free booklet IR1(1985) which is obtainable from tax inspectors' offices. The cost of ascertaining the March 31, 1982, value will be deductible in calculating the chargeable gains, in accordance with section 32(2)(b) of the CGT Act.

Penalty on marriage

MY WIFE and I, both house-owners, have married recently and would like to know how we can continue to enjoy tax relief on our respective mortgage repayments. You can't; this is one of the tax penalties on legal marriage which the Chancellor has decided to preserve. Ask your tax office for the free booklet of extra-statutory concessions (IR6) and look in particular at concession A55: Mortgage Interest Relief - Year of Marriage. You could also send a SAE to the Inland Revenue Public Enquiry Room, West Wing, Somerset House, Strand, London, WC2R 2LR, and ask for a copy of SP10/88: Mortgage Interest Relief - Year of Marriage. This statement of practice covers a different point from the extra-statutory concession.

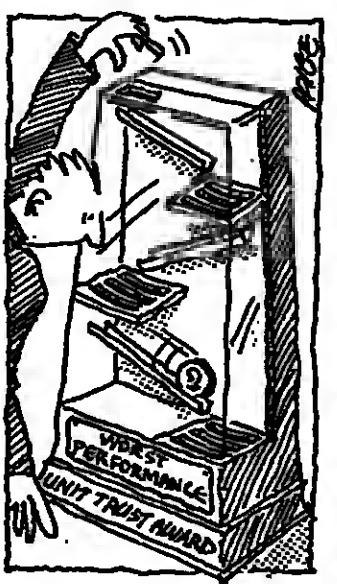
Drawing on experience

I HAVE BEEN researching the work of a 19th century artist and would now like to present my findings and observations to various universities and other institutions (not all of them in this country) that have given me assistance so willingly. To substantiate my findings it is necessary to include illustrations, most of which will be my own freehand drawings based on illustrations of the artist's paintings published in a variety of books and magazines over a long period stretching back to the beginning of this century. The majority of the illustrations will be of paintings on view to the public in state-owned museums and galleries in foreign countries. What is the position regarding copyright? Provided the illustrations you propose to use are your own drawings of the paintings concerned, there should be no breach of copyright.

Christine Stopp suggests some alternative unit trust awards Jewels from the dustbin

THE SEASON of unit trust awards is upon us. In a year when a distressingly large number of funds have lost money, there will be the usual strenuous efforts by groups to show that they were the best performers in various obscure sectors.

Another trust from the UK General sector has an even stronger performance record. The Trades Union (TUUT), launched in 1961 for unionists, is fifth in the sector over 12 months to December 1 this year, having risen in value by 22 per cent.



over the past five years now has a mere £19.30 for every £100 invested. In the Ocean Waves category, Waverley Australasian Gold is a fund which is a delight to journalists looking for classic examples of the statutory warning that "unit prices can fall as well as rise." This fund was second (last year's awaiting check) in its sector over one year in December 1987, with a loss of 1.5 per cent, compared with a rise in value of more than 82.5 per cent in the previous year.

So, a good place to start the search for unknown good performers is the UK General sector - the dustbin sector that groups prefer to avoid. Nevertheless, it is a dustbin that contains some gems. Take, for example, the Discretionary unit trust, which was the eighth best-performing fund during the year to December 1 with 18.9 per cent growth, and second over the year to December 1987, growing by 44.3 per cent in spite of the crash.

Like the Discretionary, charges are low at 4 per cent and 0.875 per cent (rising soon to 1 per cent). Although nominally for unionists, there is nothing to stop the public holding units. The TUUT is managed by Hill Samuel. The second sector to house little-known jewels is the equally unloved International Growth. Here, a small clutch of funds vie for the prize for most monotonously consistent top performer.

The alternative awards panel has found rich pickings in the Australian sector. This includes awards for the most consistent performance in a tough sector; most consistent bad performance; and the Ocean Waves most volatile fund award.

However, the public (according to our poll) does mind, and every trust will be able to justify a charge with performance. Bosquets to those, led by M&G and a number of smaller groups, which have resisted increasing.

Being unversed in these matters, I failed to realise that the sensible next move in each case was to take an immediate small profit while there were no dealing commissions. Instead I offered on, partly to gain the offering inducements to loyal shareholders (British Telecom bonus shares; British Gas contribution to consumer's bill) and partly because I did not know what else to do. I also believed in the principle of wider share ownership, when my need for capital became urgent, the most obvious thing to do was to sell six small packets of shares.

How the small investor loses

This meant that selling my six lots would cost me £216, which I thought was a bit steep for a few hundred shares. A colleague suggested one of the houses which charge no commission but make their money "on the turn" - that is, the difference between their price for buying and selling a share. As I am an innocent in this field, I felt uneasy about trying such a course.

Shortly after joining the dealing service, a neat grey filing box arrived "for your portfolio documents." Among the literature enclosed was a list of shareholders benefits derived from a number of companies - usually various discounts and vouchers. One big food chain was giving away about £6 worth of its products provided the shareholder attended the annual meeting.

However, included in the list were the names of 15 companies that have refused to pass on these benefits through Barclays. This may be because Barclays has the shares as nominee when dealing for clients. Once again, it seems, the small investor loses out.

Tony France

Answers to the Expatriates quiz at the top of the page

- 1. Yes, if you are absent from the UK for a "qualifying period" of 365 days or more. 2. No, it isn't! Some UK income (eg, rents) remains taxable, as do capital gains deriving from assets used in a UK business. Inheritance tax liability continues unabated for UK domiciliaries. 3. By visiting for (a) more than six months in any tax year; (b) more than three months p.a. on a four-yearly average; (c) any period if accommodation is available in the UK for your use unless you are in full-time overseas employment or business. Also, arrival for three years or more continuous residence. 4. Payment will be made without deduction of composite rate tax. But this is not a formal exemption and, in some circumstances, tax will be recharged. 5. No. Her residence status and the amount of her taxable income must be determined quite independently, as must her domicile if she was married abroad or after January 1, 1974. 6. Domicile is the place (country) in which you reside permanently or indefinitely. See also 3 above. 7. Yes, but it is rather difficult. Either (a) you or your spouse and family must live in the property for six months every year or (b) your overseas employment must not exceed four years. 8. Yes, provided that you resume living in it after returning to the UK and that, during the intervening period, you do not own any other property which could be regarded as your main residence. 9. By using a short-term tenancy, leasing only corporations or by making use of the owner-occupier's exemption (to be found in Case II of the Rent Act 1977). Be sure to take proper advice. 10. Yes, he is. 11. The right to have UK income taxed on the world income basis. 12. Only for the first 52 weeks, should your employer have a place of business in the UK. But voluntary contributions may be desirable to protect your UK state pension rights. 13. Certainly if you are a UK domiciliary. Non-UK domiciliaries may do so but should take specialist advice. 14. False. A mandatory award will be available only if your son or daughter has, for three years before the university course begins, been ordinarily resident in the UK otherwise for the purpose of education. Failing this, an exception may be made if your employment overseas is only "temporary." 15. In general terms, only if you are ordinarily resident in the UK. But the entitlement is preserved for those who have had 10 years' continuous resi-

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16. Yes, but only on the due proportion of your UK taxable earnings, if any. 17. A collective investment (eg, an offshore fund) which has various sub-funds between which you can switch at a nil or low cost. 18. Six months: Australia (£2,000 becomes £1,200) one year: Japan (£2,000 becomes £1,210). Statistics: Money Management. 19. Broadly, yes, but there are exceptions - eg, the very strict advertising rules do not apply to overseas advertisements and you cannot claim under the compensation scheme in relation to any business transacted (eg, at a meeting) outside the UK. 20. Separate assessment for married persons (and full tax allowances for non-residents). Donald Elkin is a Director of Wilfred T. Fry Ltd

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Balances on cheques

I AM SECRETARY to a registered charity. The seven trustees live in different parts of the country and are often overseas on sabbaticals and other research trips. The secretary has to sign cheques as follows: From about 1985 until September this year, the system for signing cheques was as follows. The secretary was empowered to sign cheques up

Too much tax relief

MY WIFE and I married in June 1988. Before then, and for several months afterwards, we enjoyed MIRAS on the full £80,000 mortgage on our jointly-owned property. I was aware that the MIRAS would be reduced to £30,000 at the start of the 89/90 tax year, but (1) should it have stopped immediately after marriage in June 1987? (2) Assuming the Inland Revenue know what they are doing, how will the excess relief we have been enjoying since June be recovered?

Chess

EXPERIENCED players giving instructions to beginners always include the advice to keep the queen on its starting square until most of the other pieces have been developed. Instances are quoted where the queen is brought into action prematurely and is then trapped or driven back to unfavourable squares. The novice is invited to learn the appropriate lesson and follow instead the queen's opening play of the master.

Bridge

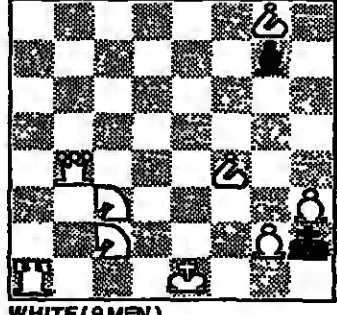
A HAPPY Christmas to my readers. Here are two hands to study; the first comes from teams-of-four:

Chess

Euwe's winning move is neat and subtle. If Black captures the checking pawn with his queen, White can avoid the complications of 13 Qx2, N-B7 ch and simply exchange queens followed by B-Q3. If Black falls 12 ... Pxf then 13 B-N5 ch, N-B3; 14 Q-N7 ch mates, while the best variation is 12 ... K-B3; 13 Pxf, RxQ; 14 FxQ-Q ch.

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Try this offbeat puzzle by W. Keym as your seasonal chess challenge. The black king is missing from the board and has to be replaced where it can be checked in one move. The answer is distinctly harder than it looks at first glance, and the puzzle has defeated several experts in its time. Solution Page XIII. Finally, Christmas greetings to all chess-playing readers. Leonard Barden

Bridge

ran to knave and ace, and West's diamonds defeated the contract. As so often happens, declarer threw away the contract at trick one - he did not pay enough attention to the diamond suit. If West had led from a five-card suit, it could not be headed by the king, queen and 10; otherwise, he would have led the top of his sequence. Then East must hold one of these cards doubleton, and to win with dummy's ace is the vital blocking play that will guarantee the contract.

Bridge

At game to North-South, West was dealer and started the auction with one heart. That was followed by two passes and South reopened with two spades. This was not correct; he should have doubled. Luckily for him, North raised the spades to three and South went on to four. West opened with the king of diamonds and, when this was allowed to hold, he switched to the knave of clubs. Winning

Bridge

With both sides vulnerable, North dealt and opened the bidding with one spade (modern practice would be to start with one heart) and South replied with two clubs. North held two hearts (surely the right re-bid is two no-trumps), South said two no-trumps and North raised to three. West opened with the diamond four, dummy's knave was played, the king won and a diamond return set up West's suit. A spade from the table

Bridge

He returned the three of hearts and finessed his 10, but West won with the queen and switched to the 10 of clubs. The declarer could not avoid the loss of a club and a heart and went one down. There are many occasions on which it is correct to withhold the ace if dummy has a doubleton. But this was not one of them. South should win the opening lead, draw trumps, West wins and switches to the knave of clubs, but declarer is in control for he has gained a tempo. He takes with his king and follows with the 10 of hearts. West wins and leads another club, but it is too late. South wins with dummy's ace and discards a club on the established knave of hearts. Very simple - the declarer should not have missed the winning line. E. P. C. Cotter

PROPERTY/GARDENING

In defence of diversity

LAST MAY, the National Council for the Conservation of Plants and Gardens (NCCPG) began to prepare for a special event in 1988. A Garden Heritage Week was proclaimed to be held from April 29 to May 7, and all those interested were invited to send in details of what they would be prepared to do.

This has been proved successful and the aim now is to publish a diary of events on April 9, 1989. The final date for receiving entries for this diary is January 13, so time is now becoming short for those who have something to offer but have not yet told the NCCPG.

This is not a scheme designed simply to secure the opening of more gardens; in fact, it is not even confined to garden owners. The aim is to demonstrate the extraordinary range of plants which can be grown in the British Isles as a result of their exceptionally wide geographical diversity and generally equable, but nevertheless very varied, climate.

In the Isles of Scilly, it is possible to grow many sub-tropical plants in the open air; and the Gulf Stream drift that keeps the sea temperature around the Scillies at about 10 degrees Celsius winter and summer also warms the coasts of south and west Ireland and western Scotland (including the Hebridean Islands). It flows only a little less warmly into the English Channel and the Irish Sea to nurture the gardens of Cornwall, Devon, Wales and the Isle of Man.

It is a heart-warming sight to see great tree ferns regenerating themselves by the thousand in the Garden of Deeren beside the Kenmare River, and giant-leaved rhododendrons flowering profusely on the Isles of

Arthur Hellyer reports on a scheme to foster awareness of the wide range of plants grown in Britain



Colousey, Gigha and Arran. Rainfall can range from as little as 20 inches a year in some parts of East Anglia to more than 100 among the Cambrian mountains. Soil types can vary so much, even within a single garden, that it is quite common to find lime-loving and lime-hating plants growing almost side by side.

Add to this what appears to be a native love for plants and a willingness to experiment and it is no wonder that British gardens are exceptionally varied, both in design and in the flora they maintain. In fact, there are many species alive and well in British gardens which now are extinct in their native habitats.

It was to foster this rich diversity that the NCCPG was formed 10 years ago and it has received a lot of support. At first there was a fear that nurserymen were abandoning the less familiar plants in favour of those that were certain to command mass sales, and to some extent this has proved true. But the demand for rarities has remained and market forces have ensured that it is met, although increasingly now from small specialist nurseries run by people who get as much enjoyment from growing these plants as their customers.

It is hoped that all these strands will be woven together during Garden Heritage Week. Already, it is clear that those taking part will include botanic gardens, horticultural training centres, garden clubs and garden centres as well as private gardens. There will be conducted tours of some gardens, sales of rare plants, exhibitions and lectures.

Many visitors may wish to see some of the national plant collections, or national reference collections as some people are preferring to call them today. In 1978, when the NCCPG was formed, the only collection like these was of tulips in the Cambridge botanic garden. Now, there are more than 450 collections, although of varied quality and usefulness.

It would be good if the attention directed to them as a result of Garden Heritage Week resulted in a more uniform standard of record-keeping, a better understanding of the facilities these collections might provide, and a firmer definition of the plants that should go into them.

The trip collect at Cambridge is, and always has been, confined to species which are finite in number. The national plant collections include both species and garden varieties, and there is no numerical limit to the

latter since new ones can be created at any time to satisfy the whims of breeders who are subject to no controls.

Since most of these plants must be propagated by vegetated means, they are subject to ageing and the deterioration in vitality that goes with this. It would seem essential eventually to apply some quality standards to the varieties that are preserved in national plant collections, and Garden Heritage Week might be an appropriate time to take stock of the existing collections and consider what might be done.

The Royal National Rose Society has a method of dealing with this problem which appears to be reasonably effective. It conducts trials of new roses and, after a couple of years, gives trial ground certificates (TGCs) to those that satisfy the judges as being of genuine merit. Only these roses can go on to be considered the following year for such quality awards as gold medal certificates of merit.

Many rose breeders seem willing to accept this impartial selection and do not proceed to market new roses if they have failed to get a TGC. Perhaps there is room for a garden-worthy certificate applicable to all plants but not to be confused with awards for special excellence.

Meanwhile, if you are able and willing to make a contribution to the cause, now is the time to write to Tony Lowe, the general secretary of the National Council for the Conservation of Plants and Gardens at the RBS Garden, Wisley, Woking, Surrey, GU24 0QB (tel. 0483-224-234) and explain precisely what you would like to do.

THE COUNTRY, on one definition, is the place where townspeople go in order to have disasters. It would not be Christmas without a progress report from the Sussex Old Rectory where Julian and Veronica Sloane-Wally have been living out the definition for the past three years. This time, there is a definite feeling that for once, the Sloane-Wallys have got it right. It is not just the price differential between their old house in Onslow Gardens and the not-so-old rectory in Sussex that has moved sharply in the rectory's favour.

It is not even that daughter Victoria has turned the pony, Peter Jones, out to grass and exchanged her ambition of riding at the White City for the ambition of next year's handicap race into Oxford or Cambridge. Ever arthritic, Victoria has chosen Greek and Latin because numbers are smaller. Only recently, she found the Latin poet, Lucan, glowing in the "rich sun" of the Sloane-Wally's summer. "How sweet it is when winds are disturbing the waves to watch another's troubles from dry land..." This year, trouble has not been at sea but on the Sloane-Wallys have been watching contentedly from other people's touchlines.

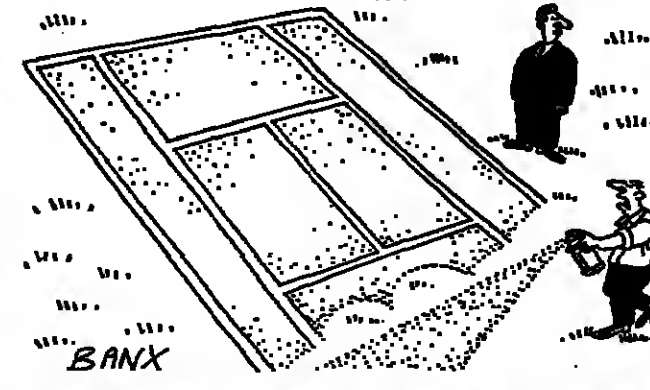
Rectories without tennis courts are said to be short on social life. Veronica had much to do, ordering if the pony-paddock ought to go down to an all-weather surface when she came to London in July for lunch with her friend Susannah in a very exclusive square. The trees, the long sea windows, the sounds of an idling taxi's engine; they worked their usual seduction and Veronica could not help noticing how London's best squares are just as green as most country villages which have been rigorously infilled by the plan. The old maid rose in her, until Susannah told her that all was not green in her green oasis.

In the Georgian square, consensus had reigned until 1985. The Grade I houses on the south and west side had remained with their old owners and residents in the new houses on the north and east had simply done what the old owners told them when the Residents' Association held its meetings in January and June. The residents shared keys to nearly three acres of private green space. They put up with a modest pair of grass tennis courts, but the rest of the acreage was mown weekly by two keen pensioners. Admittedly, a

All the ins and outs of court

Robin Lane Fox pays a seasonal visit to the Sloane-Wallys

IT'S ARTIFICIAL TURF TENNIS COURT IN A CAN.



plan for a sandpit had been railroaded through by two powerful daughters, inheritors of old houses, but the rest of the square was green and peaceful, a trial ground for ebrubs in containers with whose choosing and replacing Susannah had much to do.

In the boom since 1985, the Square has been split down the middle. The new owners sold up to new arrivals and pushed off to Somerset on the proceeds. The new arrivals were very much younger and needed something to keep them fit. At the first garden meeting, they fastened on the tennis court could they not have a proper sort of hard surface, properly wired and netted?

It took some careful canvassing of the old houses to keep the new vandals in their place, but Susannah had not been amused when the north side raised the matter again (it was now January 1987) and thanks to the stock market, offered to pay for the entire cost of four courts themselves. Cracks even appeared in the old houses' consensus, led by the sandpitting daughters; worse, the new arrivals wanted a green all-weather surface which would clash with the grass. Under pressure, they suggested

a compromise with artificial turf, saying that it looked very nice in the Hurlingham area. A very disorderly meeting ended with Susannah being asked to convene with five others and look at plastic grass as a possibility.

By mid-1987, the argument had deepened. At the June meeting, a young bond-dealer argued all too loudly that hard tennis courts would increase the value of everyone else's houses. The motion was brought forward to dispose all female members of the garden committee, on the grounds that they were not personally home-owners or ratepayers and not qualified to serve; Susannah tried to stall the report on plastic grass, but one of the older house-owners volunteered that plastic grass now looked quite smart as the best tennis clubs mixed it with sand to make it look worn and patchy. It might have been defeat, if an old house-owning colonel had not suggested that as a first step, he should be asked to tidy up the grass courts. The north side were surprisingly happy to adopt his proposal.

Since June, Susannah saw why. The colonel turned the job over to a contractor who

declared that the court was full of dandelions, brought in his best rotavator and ploughed the surface up. There has been no tennis this summer, but the colonel has sold his house. The January meeting looks certain to vote for plastic grass, with the small concession of discreet, moveable netting, like the netting round a country fruit-cage. It can always be upgraded later.

As a garden, the square is finished. It has become a leafy park. Liking hard surfaces, why should a Sloane-Wally gloat? Because they had been through the same difficult choices and had come up with a much cheaper solution. At home, Julian and Veronica could not agree where to build all-weather courts so suggested it should stand instead of Julian's Aunt Goldsworth Purple which a neighbour described as horribly common. On holiday, they could not help noticing how every French village now seems to have sprouted a brand new tennis court, apparently with help from a government scheme. If in Brittany, why not in Sussex?

On his return, Julian made his secretary write to the Lawn Tennis Association and ask why Mitterrand had been allowed to give tennis more of a chance in France. Not a bit, he replied: the LTA: it too, has a scheme for capital payments to clubs or villages with run-down tennis courts. If a club can put up a proportion of the cost, the LTA will make grants of several thousand pounds repayable in easy instalments over ten years.

It did not take the recent changes in Bank Rate to make a Sloane-Wally see the point. The rectory's village has a battered old grass court; the club was persuaded to apply to the county playing neighbours agreed to a yearly subscription of £50 in advance and the LTA has granted enough of a loan to turn the old court into a hard green surface, free of plastic turf. The rectory now has its own local tennis court; the residents have privileged use as committee-members on Saturday and Sunday afternoons. Not only in France is tennis an interest-free crusade, but in Britain the scheme is still unfamiliar. Perhaps the main London squares have not yet woken up to it. Meanwhile, if the weather stays mild, Veronica is hoping for a game of mixed doubles on Boxing Day, just when the garden canvassing in London will be coming to a tense climax.

Bargains across the Atlantic

John Brennan on the property virtues of a weak dollar

RESIDENTIAL PROPERTY as an investment counter has been out of fashion in the US since tax reform took the edge off its value as a financial shelter. But the combination of a weak dollar and generally static prices since the new tax rules came into force in 1987, has given US property a gain appeal to international buyers.

Resale values of vacation properties from Palm Springs, California to Daytona, Florida, have eased by anything up to 30 to 40 per cent as property investors have been shedding third and fourth properties bought when it was possible to write-off acquisition and running costs against personal tax.

Now, costs can only be offset against "passive" income from limited partnerships and properties run as part of a rental business, and as the top marginal tax rate has been cut from 50 to 35 per cent, the tougher effect rules and decreased value of tax breaks has left the vacation property market to real holiday home buyers and to retirement buyers.

The tax changes have, inadvertently, released a bargain stock of sunbelt condominium homes for America's expanding population of retired people. They have also made the regular auctions of former investor held US vacation homes a happy hunting ground for international bargain hunters. In the cities, the tax changes have taken some of the pressure off demand for rental investment apartments. But in central New York, where demand for pied-a-terres has taken up much of the investment-buying slack, it is the dollar's falling value that's proving to be the main draw for overseas buyers.

Barbara Schwartz, chief executive officer of the Manhattan-based real estate group B.J. Gottesman, explains: "The other side of the coin to a falling dollar is that it's cheap money for international buyers. We have found that we're doing business with the Japanese, Middle Eastern buyers,

there are a number of people from the Lebanon, and, of course, the Iranians have been here for a while buying up everything. There have also been people from Hong Kong because prices are so much lower, New York City looks like a bargain when you can buy a prime apartment for under a million."

New York's "prime" comes in bigger slices than in most of the rest of the world. "I was astounded when I saw some of the apartments in Paris," says Barbara Schwartz, "no New Yorker would consider moving into one of the tiny places that cost \$1m or more." On average, investors using B.J. Gottesman's service for international buyers (New York 799-2011, or 752-4700) do plan to spend around \$1m a time on an apartment. While some merely want to buy an occasional home in the city, most are investors looking for rentals on which, according to Schwartz, they can expect to show four to six per cent return before any currency or local market capital gain.

Most foreign buyers want modern apartments in condominium blocks, although modernity, and greater ease of renting, is bought at the expense of the space available in older co-operative buildings. The Japanese, says Schwartz, tend to have a particular enthusiasm for mid-town locations, otherwise, as long as the building's good, and the location fashionable, international buyers are interested. So, given a blank cheque and an investor unfamiliar with New York, where would Barbara Schwartz look for good dollar value?

100 UN Plaza, a 10-story building bought there, the Metropolitan Tower has proved very popular, 900 Park Avenue and 500 Park Avenue, because there are few new apartment buildings there, and, although its older, people do still like the Museum Tower, which has got good space.



TAKE a Cotswold stone, Elizabethan farmhouse in South Oxfordshire set in 61 acres of parkland. Add one Lebanese buyer with a taste for home improvement. Then, as John Harris of Savills in Henley says, he just extended and added a bit more... As a private residence the planners handed out permission after permission, and the local builders have had a happy few years. The result is a thirty-bedroom struggle of properties complete with casino, indoor swimming pool, Jacuzzi, gymnasium, cinema, tennis courts, squash court and a rifle range.

Chandling Manor, Bagley Wood, Oxfordshire, comes complete with guest and security lodges and the staff accommodation you'd need to keep what must be the most extraordinary example of home extension and improvement on the market in Britain today.

It's on the market because even banks can take an extension too far, and Bagley Wood, which didn't sell when it was tentatively taken to the market, is back for sale with a price tag of £4.5m-£5.5m through Savills (0451-679990) on behalf of Peat Marwick McLintock, the receivers appointed by the bank. John Harris reports that a few hundred organisations have already expressed interest in the Manor.

A high proportion of B.J. Gottesman's overseas clients pay cash, but as Barbara Schwartz says, the interest rate premium for non-residents is small.

A two-bed apartment in the Museum Tower would be spread over 1,900 sq ft - which would be bigger than most post-war semi-detached houses

in Britain - and, on an upper floor, you would expect to be spending around \$1.5m for one of those. If that is out of your price range it is still possible to buy a Manhattan home for under \$100,000, although at that bottom end of the bargain basement the best you could expect would be a small studio in an older, walk-up (no lift) co-operative building that wouldn't be much of a location.

The sterling equivalent, roughly £54,000, wouldn't buy a central area studio in London. As for a Japanese buyer, ¥12m would barely cover the cost of the bathroom in a woodframe outer suburban house in Tokyo. This is a persuasive illustration of New York's appeal to Yen investors even before accounting for the Yate twofold appreciation against the US dollar in the past four years.

A high proportion of B.J. Gottesman's overseas clients pay cash, but as Barbara Schwartz says, the interest rate premium for non-residents is small.

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SOLICITOR Michael Joseph was accused of everything from recklessness to political extremism when he first challenged the presumptive rights of his profession to maintain their monopoly on property conveyancing. Publication in 1976 of the first edition of his book, "The Conveyancing Fraud" was greeted with an initial stunned silence.

That swiftly gave way to a defensive barrage of criticism from the legal community. Joseph was charged with tempting home buyers to risk untold litigious horrors by their amateur dabbling in the black arts of property transfer law. More than a decade - and nine sell-out reprints - later, Michael Joseph has completed a thoroughly revised edition of the book. This too will outrage the legal profession as much as it will entertain its readers. Beyond his tightly argued case that conveyancing really is a

Attack renewed

classic and profitable conspiracy against the laity, as an author, Michael Joseph has a thoroughly enjoyable, occasionally wickedly funny way with words.

The review of solicitors' grip on the slow and expensive business of handling the paperwork of a property transfer is as barbed now as in 1976, with the added edge of what Joseph sees as a total failure of subsequent legislation to loosen that grip. Joseph concludes that "not only have solicitors shown a remarkable ability to withstand any reform, the only effect of those measures which were designed to loosen their stranglehold, and so benefit the public, has been to benefit the solicitors at the expense of the public." Most homebuyers are, on his analy-

sis, terrified of challenging the professional mystique that transforms largely irrelevant clerical checks into a seemingly essential sequence of slow motion paper shuffling between solicitors' offices.

Joseph provides ample evidence of the sustained, and remarkably effective public relations campaign by the legal profession to maintain this mystique. And in comparing the public impression of conveyancing as a complex piece of professional research with the reality of brief checks and matters of public records and some elegant typing, Joseph indicts his fellow solicitors for "foisting on the public a ludicrously inefficient system that makes moving house at best a time of great stress, at worst a nightmare." As a guided tour

of the legal profession's most consistent moneyspinner, *The Conveyancing Fraud* provides a contemporary echo to Dickens' world of legal conspiracy in *Bleak House*. As a practical help to home movers, Joseph includes a straightforward, step-by-step guide to enable readers to carry out their own conveyancing on purchases and sales and for both registered and unregistered domestic properties.

Publishers fought shy of Michael Joseph's book in the 1970's and the new, revised edition of *The Conveyancing Fraud*, (price £4.95, post free), like his equally readable expose of incompetence in accident litigation, *Lawyers Can Seriously Damage Your Health* (£3.95) is still self-published. Both are available from the author at 27 Occupation Lane, Woolwich, London SE18 3JQ.

J.B.

DIVERSIONS

A short walk in the Holy Land

Anthony Sattin finds some things haven't changed since the time of the first Christmas

THERE WAS trouble in the Holy Land when Joseph and Mary left Nazareth for their home town of Bethlehem to register for the Roman census just as there is trouble there now. They had left Bethlehem several years before to distance themselves from Herod's rule and, if biblical Nazareth was as peaceful as the present-day town, it is easy to understand why they came here.

As I looked down from a hill-top onto its chalk-white houses, the sky grey, a cold wind blowing through the pine trees - dropping their needles like Christmas trees before *Twelfth Night* - Nazareth was as quiet as the hills of Galilee that surround it. It began to rain and I hurried into town through the narrow streets and bazaar of the Bah-Sheikh quarter, which smelled of mint and coriander. It was not long before I passed a carpentry shop.

The town makes the most of its single biblical association, from Mary's Wells Tours to St Joseph's souvenir shop, and thousands of pilgrims come to pray at the place where the archangel Gabriel appeared to Mary (although there is some dispute as to where, exactly, that happened). Most denominations agree it was the site of the Roman Catholic church's Basilica of the Annunciation, a plain two-storey structure built in the 1830s, an ancient cave at its centre.

At the entrance to the basilica, I was approached by a Christian Arab with blue eyes and a red and white keffiyeh, referred to as the Nazarene. "You want souvenirs?" He pointed to his stall and promised me good prices for olive-wood nativity scenes, post-cards and statues of Jesus.

I went into the basilica, the largest Roman Catholic church in the Middle East, from the plain walls of which are hung strange mother and child images from around the world, including a black Madonna and another with Chinese features. Downstairs, in front of the Annunciation cave, a group of English pilgrims was celebrating Mass, voices subdued with awe.

It was still raining when I left and asked the Nazarene for directions to the grand new hotel. He smiled, pointed into the valley and said: "You go down, down to hell, and then up a little towards heaven. It is just on your right." Dante would have loved him. "But it is far in the rain. Better still stay with the sisters here." I took his advice and went to the hospice of the Religieuses de Nazareth.

People still come to Nazareth in search of peace. By nine o'clock, the town was quiet and the convent gates were locked. I shared the basement dormitory with a middle-aged priest from the foothills of Mount Kilimanjaro, who was making a pilgrimage to the holy places; a German who was going to walk around the Sea of Galilee in open-toed sandals "like Jesus"; and two Palestinian students from the West Bank town of Nablius whose university was closed a year ago because of the *intifada*, or uprising. It is a long time since I slept in a dormitory, and for a while I tossed and turned on my board and horsehair mattress.

I was woken at dawn by church bells and the muezzin in mosques calling the faithful to prayer. The morning was cool and clear, blue sky and winter sunshine. The Nazarene, already at his stall, asked me where I was walking to - Bethlehem - he said I was crazy. "It is over 150 kilometres." He did not mention

the trouble in the West Bank. It is not known whether Joseph and Mary went through the Jordan valley or over the Judean hills, but the Judean route is shorter and they did travel through Judea on their way back to Nazareth. So, I followed the snaking road down to the mist-covered Jezreel Valley and, after an hour, came out among orange groves.

The road, fringed with cotton fluff from the harvest, cut straight across the broad plain. I breathed the scent of apples in kibbutz packing factories and even the freshly-ploughed fields began to reek in the strengthening sun. Farmers who passed me waved from the shade of their tractors. This was Israel at its best, as vigorous as ever it was.

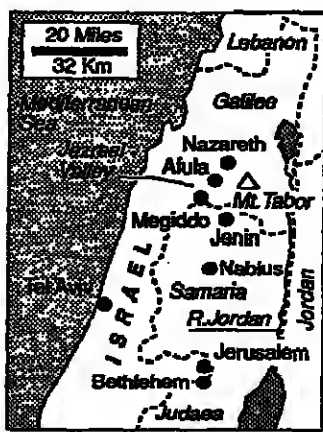
The valley is as rich for historians as it is for farmers. To the east, beyond the ploughed fields, lay Mount Tabor, shaped like a woman's breast, which might be the site of Jesus's transfiguration. To the west, 10 miles away, was Magiddo, the site of Armageddon. King Saul was killed in the hills ahead of me. That was also the trade route to the east, fought over by everyone from Neanderthal man to Napoleon Bonaparte, and ancient Egyptian merchants led their caravans over the same ground that Israel is now farming. History is alive here.

Beyond the new town of Afula, the road narrowed, its surface broken. A few kilometres further on, I walked up to an Israeli roadblock. The soldiers in combat uniform laughed when I told them what I was doing and suggested, for my safety, that I take the bus to Jerusalem, a route which no longer goes through the West Bank. "You must not walk here," one young soldier explained. "They [the Palestinians] throw stones." He stretched out his arms to describe the size of Palestinian ammunition and, refusing to discuss it further, waved me away. I discovered I am no good at arguing with people with guns; my walk in the Holy Land was becoming shorter than I had expected.

Going back towards Afula, a yellow Mercedes *sherut* (or communal taxi) stopped for me and I was wedged into a corner of the dusty back seat. The five Palestinian passengers all agreed that it was too dangerous for me to stay in the West Bank; hotels were closed, everyone was on strike and they expected the Israeli army to seal off the area because of the anniversary of the *intifada*. They all hissed as we approached the road block where the soldiers, not recognising me or no longer interested, waved us through.

When we reached Jenin, a small, ramshackle town at the foot of the hills, one of the passengers, an old man in a dark suit and white keffiyeh, took me through the littered streets to the next *sherut* station. On the way, we passed a group of boys leaning against closed shop fronts. They stared at me and one of them called out that I was a Jew - they do not distinguish between Jews and Israelis. I was afraid the whole street was lined with stones. But the old man shook his head at them and the boys left me alone. At the *sherut* station, he offered me his hand and said goodbye - "ma'as salsam" - with peace.

As we drove through the green, rolling hills of Samaria, one of the passengers - a Palestinian in his 30s called Faisal who had a round, comic face and Chaplin moustache but dark, sad eyes - asked me if I liked his land. I looked out at the rock-strewn fields where men ploughed behind donkeys



and women knelt to tend the crops. They cast long shadows in the softening sun. "Beautiful, Palestine, not?" When I agreed and told him that I had wanted to walk through it, Faisal translated for the other passengers. Like the soldiers, they turned and laughed. "Ya salsam" - why? There did not seem to be a good answer, especially after the Arabic news came on the radio. The men listened in tense silence; Faisal explained that four Palestinians had been shot in Nablius. "We are fighting a war for our land. There are many sacrifices. Every day people are killed."

In spite of the news, Nablius

seemed as quiet as Jenin had been. The old city had been closed off by the army but I saw Palestinians in the streets around the vegetable market, watched over by an army patrol and a group of tired press photographers. When we changed *sheruts*, Faisal told me to be quick. "Be careful," he warned, pointing to the soldiers, but I couldn't decide where the threat came from. The new driver, becoming nervous, decided not to wait until his car was full and we headed quickly south to Jerusalem through wide-open country filled with biblical associations.

Apart from Jesus, the patriarchs Abraham and Jacob had been here, and the bones of Joseph were brought from Egypt and buried near Nablius. We passed the ancient sites of Shiloh and of Bethel, where God promised Jacob the land of Samaria: "To thee will I give it, and to thy seed."

I would have liked to have walked around these places, but the sun was setting behind the terraced hills and Faisal insisted that it was not safe outside. When we reached the magnificent battlements of Jerusalem, he led me into the old city through the Damascus gate. In a cavern café where old men were playing cards and smoking water-pipes deco-

rated with red, black and green pompons - Palestinian colours - he offered me mint tea to take away the taste of dust.

I walked out of the old city at the time of morning prayer, passing men on their way along the cobbled alleys to church, mosque or synagogue. Beyond its old walls the city's suburbs have spread far to the south, and only a kilometre or two of rocky, terraced olive groves separate it from Bethlehem. To the east, just beyond the olive groves, was the desert, as quiet as the streets of Bethlehem after 12 o'clock when shops, cafes and even the bus service closed down in support of the *intifada*. The Israeli patrol on the edge of town let me pass, but the soldiers warned me to be careful: "You look a little Israeli, you know?"

Bethlehem, like Nazareth, is built on a hill, its new, breeze-block houses spreading down the lower slopes. It is a lively place when the shops are open, especially around the old market area which has all the colour and chaos of an Arab - and now predominantly Muslim - town. But, for tourists, the centre of Bethlehem is Manger Square, where there is a crescent moon over Omar's mosque on its west side; a Star of David flying from the flagpole of the British-built police



The field outside Bethlehem where the shepherds are said to have been told of Jesus's birth

station in the centre; and crosses, bells and electric stars above the Church of the Nativity to the east.

Like Joseph and Mary, the church is where pilgrims end their journey by stooping to enter its "door of humility," lowered to 4 ft to stop Saracens riding in on their horses. Although it has been added to over the centuries, especially by the Crusaders, I was surprised by the church's simplicity. In contrast, Greek Ortho-

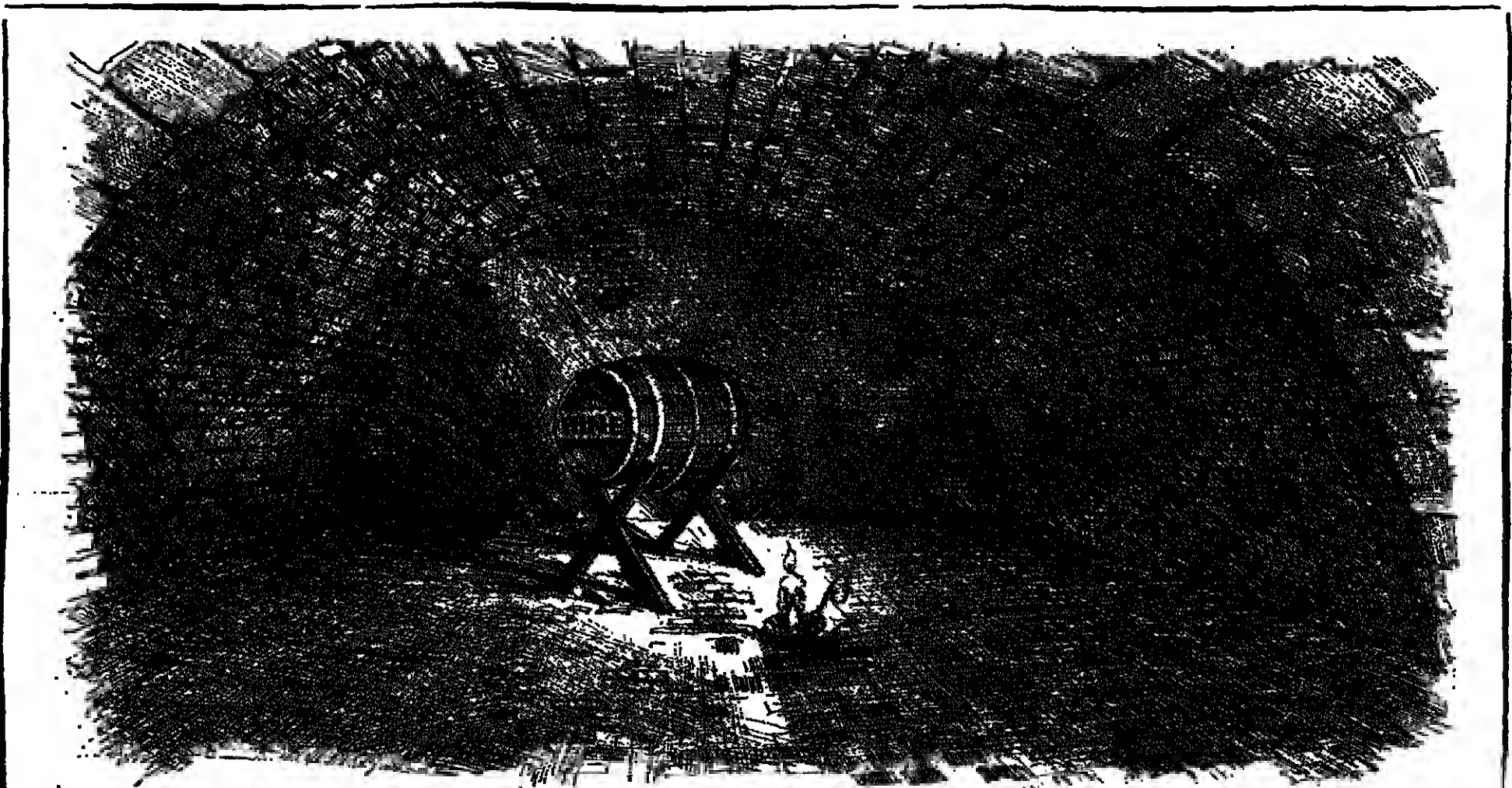
dox and Armenian priests, at their separate candle-lit altars above the grotto, performed elaborate and carefully-prescribed rituals.

I left the church after the last tour bus had returned to Jerusalem. Manger Square was empty apart from Israeli soldiers, a constant reminder of the troubles. It was a cold and silent evening. Across to the east was the field where shepherds used to watch their flocks by night and where,

according to St Luke, an angel told them of Jesus's birth.

It is said that a star illuminated the place of the manger. I looked up, hoping to see another bright star in the sky that night, but clouds had blown over from the west and not even the moon was visible. Maybe next year.

Anthony Sattin is the author of "Lifting the Veil: British Society in Egypt 1768-1956," published recently by J. M. Dent



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So the next time you hear someone employing a story about the taste and nature of Hine at some extravagant occasion - you may wish to stop that person, enquire closely where they obtain their stocks of Hine; then take yourself to that haven immediately and purchase a few bottles for yourself.

And if that is your good fortune, perhaps it is advisable to keep this king of cognacs quite entirely to yourself.



Two views of Bethlehem: above, part of Manger Square, by the Church of the Nativity. Below: woman shop at a local market.



هكذا من النحل

don't let panic prevail

have, yet again, left their gift-buying until the day before Christmas

IT'S CHRISTMAS EVE (as if you didn't know) and you're heading for the perfume counter. There, packaged irresistibly and lined up in all their crystal glory, are rows and rows of bottles, the carefully distilled essences of years of planning, sniffing, dreaming, advertising and marketing by the huge cosmetic and perfumery combines. Somewhere in there is the one for her. But which?

Unless you know she has a steady favourite (in which case buy her the largest, most generous flagon you can afford and if there are all those wonderful bath-time potions and lotions then buy those as well) it isn't easy. One woman's Joy, after all, is another woman's Poison.

If in doubt, choose the quieter, the subtler, the more mysterious. Avoid the obvious, the loud, the vulgarly fragrant. Rather, small and good than big and cheap. Do NOT give boxed sets with cheap talcum powder, scented matching powdery bath cubes or Passion by Elizabeth Taylor (vulgar bottle, vulgar smell).

So here, for what it's worth, is my last-minute guide for the man in a hurry.

Is she young, tremulous, shy, discreet, sensitive? Does she love wearing frilly blouses, Laura Ashley or anything in a Liberty, Print or Vivaldi?

Give her one of Penhaligon's Floral Toilet Waters (all Penhaligon shops, except the City branch, will be open until 4 pm - so choose from 41 Wellington Street, Covent Garden, London WC2, 55 Burlington Arcade, Piccadilly, London W1, 29 Brook Street, Mayfair, London W1 and 19 Northumberland Place, Bath, Avon). Lily of the Valley is light, charming, fresh as a flower. Buy it in spray form (£14) or in one of the beautiful bottles (£19) and if you can run to it there are boxed soaps to match (£12.50).

You don't know her very well, although you're hoping to get to know her better. You think her tastes run to the classic, she always seems very discerning. Above all, you don't want to offend.

With Chanel No. 5 and Miss Dior, nobody ever yet went wrong. They are the safe choices to give to those you don't know very well. The hypercritical might think them a little dull but better that than vulgar. With Chanel No. 5 there is a large range of bath oils and lotions as well.

She's addicted to designer clothes, Browns is her favourite shop, she loves opera, Bolshoi and holidays in Turkey - until the rest of the world started going there.

Boucheron for her. New this year (she loves to be first with the latest thing), it reeks of exclusivity (indeed so exclusive is it that for the moment you can only find it in Harrods). It is sophisticated and up-to-the-minute, it will declare you to be a person of taste and refinement (not to mention generosity for it doesn't come cheap at \$86 a bottle) who is absolutely au fait with every

current trend. The bottle is a beauty to look at (shaped like a giant Boucheron ring) and if it won't stand upright on the dressing-table who cares when it smells so divine.

She's young and zappy and she's never yet been seen in anything run of the mill. She's first in her group to try any new thing. For those who can't keep up, she's tiring. She shops at Joseph and eats at the Caspian.

Give her Kenzo - it's young, zappy, interesting and she certainly won't be bored.

She's cool, she's sophisticated. She wears Armani clothes, goes to Florence for holidays, Mozart and Bach are her favourite composers and white Burgundy is her drink.

Anything from Guerlain but the old-established classics like Jicky and Shalimar are best. If

Avoid the obvious, the loud and the vulgar

you're feeling generous add the body creams and bath lotions as well.

She's been brought-up beautifully and her manners are of the very best. She's a little on the cool side but then, that's her style - understated, subtle, refined.

Give her a beautifully mannered perfume, one that never intrudes or overwhelms, that announces its arrival in discreet and subtle tones, that grows on you as you get to know it better. La Perla is the perfume for her - it doesn't linger too long or outstay its welcome, and even the most high-powered of working women can wear it in the boardroom and not feel out of place.

You don't know her well but you are longing to impress. She doesn't seem the understated type, not the person to give "one single perfect rose". She's a little bit of a show-off (Jacrotix is the designer she admires most) and she likes a bit of show for her money. The offbeat or the subtle would be wasted on her.

Every woman over the age of

18 knows that Joy is "the most expensive perfume in the world" so give her a 3 oz flagon and she'll be over the moon. It smells rich, rich, rich and the bottle looks rich, rich, rich. She'll love it.

She's dark and alluring and she isn't your wife. She's quite a handful but, if the truth be told, well worth the trouble.

Byzance from Rochas - fruity, floral, sensual, exotic and all wrapped up in a marvellous rich blue bottle.

She lives in the country and she loves old linen, fresh herbs, roast lamb on Sunday, antique china and properly polished silver. She hates anything matt-black, hi-tech, new-fangled or vulgar.

She would love anything from Mary Chess - all her single note oils, or some of the clean, fresh florals from Floris.

Annick Goutal, too, is a perfumer she'd take to - her fresh, natural fragrances all have an exquisite delicacy that is absolutely in tune with today's feel for subtler, gentler smells.

For the house she'd love Annick Goutal's porous pebbles. The *Cailloux*, as they are called, are soaked in some of Annick Goutal's favourite fragrances and as the heat of the light bulb stand heats them so the fragrance gently releases into the atmosphere.

Freshest of the smells are Parfums de Femme and Heure Exquisite but Rose Absolue (a bouquet of six rose varieties) is a winner for rose fans. Annick Goutal is at Harrods and at Les Senteurs, 227, Ebury Street, London SW1.

She's 80 and you love her dearly. While something labelled "sensual and daring" doesn't seem quite right, you don't want to fall into the trap of making it too dull.

Quite right. Just because she is 80 doesn't mean she feels 80.

Give her one of the all-time charmers, something classic, something with a touch of luxury, something that doesn't have a hint of the "little old lady" anywhere about it. This means you should steer away from lavender water, colognes and floral essences. Nina Ricci's L'Air du Temps would charm and beguile.

She's stylish, successful and she does her own thing. She's got a flat in town, a cottage in Gloucestershire, she runs her own business and she's always on the run. Secretly you're a little in awe, above all you don't want to get it wrong.

Givenchy's *Vastis* is the perfume for her - it's safe, it's classy, it's stylish, it's elegant. Although she might not normally be an Estée Lauder fan she would almost certainly like her new one - *Knowing* (at the moment exclusive to Harrods) is chypre based, is more subtle and less cloying than the earlier *Lauder* fragrances.

Finally, if you're really stuck you might like to know that when it comes to scent it seems that the Queen and Mrs Thatcher think as one. *Femme* de Rochas waits round the corridors of Buckingham Palace and Downing Street. If it's good enough for THEM, it ought to be good enough for HER.

N.B. Most of the perfumes mentioned are available in good perfume shops and chemists all over the country but Kenzo, La Perla, Boucheron, and *Knowing* are exclusive to Harrods. Annick Goutal is in Harrods and Les Senteurs while Penhaligon's fragrances are only available from its own shops.

and *Wealth of Nations* - were added, as well as three smaller games, produced by independent manufacturers, The Stock Exchange Game, Stockmarket and Insider Dealing.

By some distance the cheapest, though not the simplest, of all the City boardgames, Monopoly (Waddingtons, £6.99, 2-6 players, aged eight upwards) inevitably has a head-start on its counterparts.

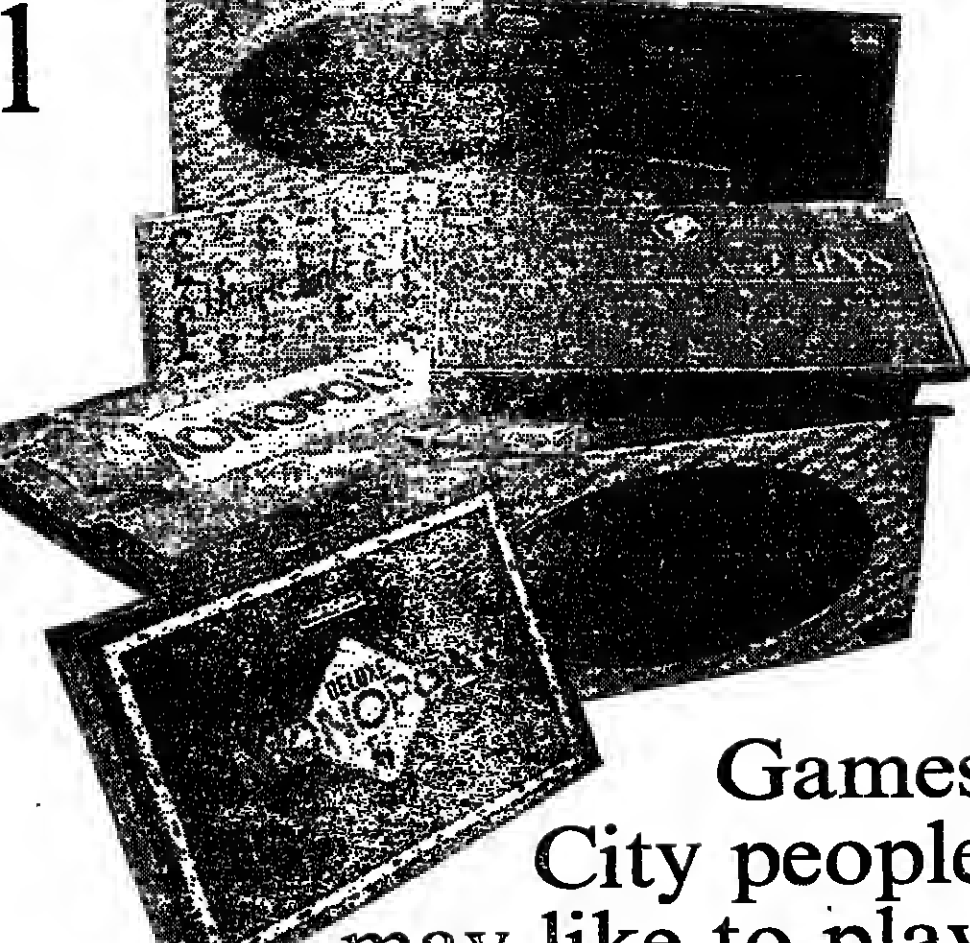
It is the sort of game you learn at your broker's knee - none of the City players could recall having read the rules (full of useful gems like "place the board on a good-sized table") - and this means some of its successors and rivals seem strongly derivative.

One such is *Wealth of Nations* (Parker, £16.55, 2-6 players, teenage to adult). Players invest in major industries and resources worldwide, rather than London land and property, but the object is broadly the same as Monopoly: to control all the riches available, driving the other players into bankruptcy.

There was much carrying from corporate financiers and journalists used to having all the relevant information displayed at the touch of a button, when the board of *Wealth of Nations* was produced. A confetti of 48 small cardboard pieces - the kind that disappear on Boxing Day and are found down the back of the sofa at Easter - and 144 "share certificates" have to be punched out from cardboard backing and arranged on the board or slotted into plastic racks before play can begin.

Despite this irritation, and damaging market rumours - confirmed at first by the complex rules - that *Wealth of Nations* was one of those interminable boardgames which would end in tears, the verdict was favourable, with particular praise for the skill needed when players have to auction investments.

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Games City people may like to play

Andrew Hill suggests diversions for bulls and bears

REMEMBER: EVEN in Toytown, shares can go down as well as up. Board games cover every aspect of the City, with playthings for carefree bulls - Acquire, Go for Broke, Go for It, Thanks a Million! - ranged alongside toys aimed at rueful bears, such as Tough Luck! and The Bottom Line.

At the last count there were at least 20 different City or finance-related board games in the shops, although most there are equity traders left to play them.

In an effort to provide some inside information on the games market to guide baffled executive gift-buyers, Weekend FT offered a place on the boards of six games to 11 City types - four financial journalists, a pair of financial public relations advisers, two corporate financiers, an actuary, a commercial analyst and a money-broker - who started playing in two groups at 2 pm on a gloomy Sunday afternoon, finishing an exhausting six hours later.

Monopoly was included in the portfolio as the market leader, against which, inevitably, all other financial games are judged. Two blue-chips of the City board game market - *Poleconomy*

and *Wealth of Nations* - were added, as well as three smaller games, produced by independent manufacturers, The Stock Exchange Game, Stockmarket and Insider Dealing.

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A relatively new issue in the City games sector is *Poleconomy* (J.W. Spear,

£16.99, 2-6 players, 12 upwards), first launched for advertisers and the mall order market in 1987 and for the general public, amid a welter of media hype, three weeks ago.

Poleconomy - the name is dreadful, but one should probably be grateful it is not called *Economites* - is the most elaborate example of the phenomenon of games-as-advertising. Some 46 companies, including the FT, paid to have their names featured on the board.

Big groups, particularly ones which want to lure the public into their grasp, clearly value the marketing opportunity. Trusthouse Forte, Marbury, TSB Group and Legal & General have managed to get their logos into more than one game - *Stockmarket* and *The Stock Exchange Game* also feature real companies - while shares currently in the doldrums on the actual market, like Mrs Fields and Saatchi & Saatchi, are traded

enthusiastically on the Toytown exchange.

Poleconomy attempts to simulate the real world of politics and economics. As politicians, players have the opportunity to influence the market - the player elected Prime Minister can set tax rates and dole out favours - while tycoons buy and sell companies, trying to avoid business disasters and the pressures of inflation.

It is a complex game. To the panel's annoyance, the rules suggest players work up to the most sophisticated version of *Poleconomy* in three stages and, ominously, the game only ends by mutual agreement, or if the bank runs out of money.

Critical of all games which did not allow their intellects

Monopoly is still the game by which others are judged

So, final market recommendations for baffled investors? *Poleconomy* and *Wealth of Nations* are worth holding; the Weekend FT analysis would be sellers of *The Stock Exchange Game*, but enthusiastic buyers of *Stockmarket*, with *Monopoly* - as always the core of a balanced games portfolio - a strong hold.



Annick Goutal perfumes

Books

Strictly for the family

FOR YOUR yuppie nephew, whether he's still in work or not, Tom Wolfe's novel *Bonfire of the Vanities* (Jonathan Cape, £12.95) would seem the best choice.

For your mother-in-law, well, either Bevis Hillier's *Young Betjeman* (John Murray, £16.95) or Philip Larkin: *Collected Poems* (The Marvell Press and Faber £16.95) should keep her quiet for a day or two.

What about the kids? There's a smashing new prize-winning edition of *Alice's Adventures in Wonderland* illustrated by Anthony Browne (Julia MacRae, £12.95) more to modern taste than Tenniel. Or

Wendy Cope's *Twiddling Your Thumbs: Haad Rhymes* (Faber £5.50) are rather fun.

If you have a board games fanatic in the family they'd simply love R.C. Bell's *Games to Play* (Michael Joseph £14.95) which gives the rules and a lot more besides of every game you have ever heard of.

For a pure bridge fiend, though, they might be better off with *Marcel's A Vulgar Game* (Collins £12.95) in which the *grande dame* of the green baize deals with her early life in Austria as well as her later triumphs and finessings at the table.

Anyone hooked on our medi-

eval past would be grateful to receive *Caxton: The Description of Britain* (Sidgwick & Jackson £14.95) a modern version of the old text by Marie Collins with lovely pictures; and for those people who know all the answers, why not give Paul Johnson's *Intellectuals* (Weidenfeld & Nicolson £14.95)?

Thriller addicts will surely welcome the new David Williams *Treasure in Oxford* (Macmillan £9.95) and *Cobbites* the latest volume of autobiographical sketches *Something to Hold Onto* by Richard Cobb (John Murray £12.95).

Anthony Curtis

ter the drama of a large and well-hung rib of beef simply roasted and served with gravy, water cress and celeriac, a purée of celeriac, or roasted celeriac, or celeriac cut into cubes, blanched and lightly fried with a few pieces of desert apple and walnut.

If you secretly hanker for a festive bird and can lay hands on young grouse, they would make a sumptuous alternative to roast beef. Again, I would serve them very simply - with a little very savoury gravy, bunches of peppery water cress and plenty of crisply fried bread crumbs.

After the main course I would bring on a salad of chicory, mâche, frizzy endive and toasted pine nuts to serve with cheese. Not trusty old Shilton this year, but raw milk Mor-dier from Franche-Comte, or perhaps slices of goats cheese laid on thin rounds of toasted French bread and warmed under the grill until just molten. Even easier and almost better might be a lavish bunk of top-quality pale straw-coloured Parmesan served with perfectly ripe dessert pears. No bread, biscuits or butter.

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Cashmere Coats	£895	£595
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Shirts	£ 36	£ 22

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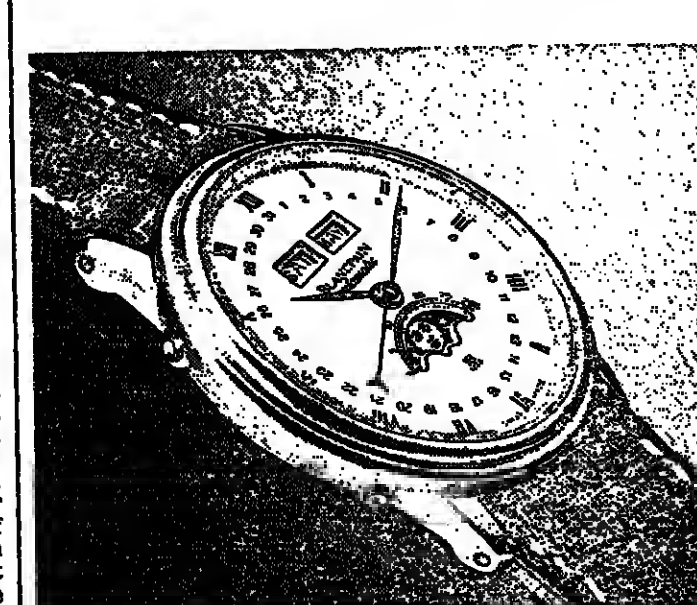
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DIVERSIONS

The time Lapps want to forget

Sara Webb ventures beyond the Arctic Circle to see where the radioactive curse of Chernobyl lingers on

MARGARETA Stenberg was quite serious as she looked out over the snow-covered plains of Lapland and said: "Hasn't the weather been beautiful?" At the time, it was about seven degrees Celsius below freezing, with the wind blowing the snow in gusts off the roads (although that was quite mild for Lapland, where temperatures can plunge to minus 40 degrees). The sun had set in a blaze of orange at about 1.30 pm and the meagre daylight hours around midday were more like the half-light of dusk or dawn.

For Lapp reindeer-owners like Stenberg, though, the harsh winter climate beyond the Arctic Circle seems to be an attraction rather than a hardship. For the Lapps (or Sames, as they prefer to be called), the real hardships tend to stem from industrialisation rather than natural causes.

In April 1986, they were struck by one of the worst disasters in their history, the Chernobyl nuclear accident in the Soviet Union. The radioactivity which fell on Sweden and Norway showed up in soil, plants and wild life. The Swedish authorities took the situation so seriously that they declared food with more than 300 becquerels per kilogram as unfit for human consumption, one of the lowest thresholds in Europe.

By the time scientists realised the threshold was too low and decided to raise it to 1,500 Bq/kg, the autumn reindeer slaughter was over. In the worst-affected parts of Sweden and Norway, the reindeer were found to contain high levels of radioactivity.

Many people fear the persistence of radioactive caesium on the soil, and the lichen on which the animals feed, will affect reindeer-herders every-

where for years to come (although raising the threshold has meant that more reindeer could be eaten in 1987-88; of the 95,000 slaughtered during that period, roughly two-thirds cleared the threshold). And although the government has paid out about SKr110m in compensation to the slaughterhouses already, it is not clear how much longer it will continue to do so. But the economic consequences certainly have been felt in the Lapp communities.

Altogether, an estimated 35,000 Lapps live in Norway, 4,000 in Finland and 2,000 in the Kola Peninsula region of the Soviet Union. Of the 17,000 in Sweden, around 15 per cent live off reindeer-herding, although in a much more modern and efficient manner than their ancestors who started off as hunters and fishermen but changed gradually to become herders in the forests and mountains. They used the animals as beasts of burden and a source of meat, as well as making clothes from the skin and everyday implements from the antlers and bones.

The Lapp language, which belongs to the Finno-Ugric group, exists now as several different dialects and has hundreds of different words describing reindeer: their colour, age and sex, and so on. Families mark their animals with their own particular ear notches for easy recognition, and the markings are passed from generation to generation.

After Chernobyl, demand for reindeer meat within Scandinavia dropped to about 60 per cent of its previous levels. The price fell by 20 per cent and efforts to export the meat to countries such as West Germany ran into serious problems. Lapps, accustomed to living off their own reindeer meat, were warned to cut down



Lapp children in traditional costume ride in sleighs pulled by reindeer, which remain a key element of the region's lifestyle

consumption. "You can't imagine what it is like to be told you cannot eat your own animals," says Stenberg.

The Lapps' own slaughterhouse, called Sameprodukt, which had a 20-25 per cent share of the market, is threatened with bankruptcy and has appealed to the government for financial assistance - without success. "The negotiations have been shunted between the Agriculture Ministry and the Industry Ministry and neither wants to bail the company out," says Nils-Henrik Sikku, who heads the same radio station in Kiruna, a mining town in the north of Sweden.

On a Friday night in Kiruna, you can see a strange blend of traditional Lapp culture and more recent Swedish life. The Lapps drive into town dressed

in their scarlet and blue tunics, reindeer fur boots and silver ornaments (with teenagers sporting a punkish variation) for a folk or Lapp song concert taking place in the folkets hus, the quintessential Socialist Democrat meeting place.

Thirty years ago, Lapps were forbidden to enter the main hotel in Kiruna because it was thought they would get uproariously drunk (which, coming from the Swedes in a key mining region, is certainly a case of the pot calling the kettle black). Today, though, the Lapps say they have a far easier time when it comes to expressing their identity, and they have succeeded in combining many of the modern elements of Swedish life with their traditional culture.

Their standard of living has

improved greatly since the 1950s and they no longer have a truly nomadic existence, living in makeshift huts or tents as they follow the herds from winter to summer pastures; such dwellings have been replaced by ordinary houses. And the modern Lapp has abandoned the reindeer as a pack animal or for pulling a sled. He drives to his herd - which, these days, can total up to 500 animals because of the need to be economic - in a snow scooter (usually a Japanese make) and a few even have helicopters so they can track the reindeer across rough terrain. Most have upgraded their walkie-talkies to mobile telephones to contact other herders or their families.

The Lapps also have become more active politically in

recent years, demanding recognition of their rights from the state. There are now schools and higher education centres for Lapp children and adults. A day care centre (or dagis, in Swedish) was set up about a year ago in Kiruna. The dagis is an intrinsic part of everyday life in Sweden, a country where 83 per cent of women are employed and 50 per cent of children aged up to 18 months are placed in state or local authority day care centres while their parents are at work.

"It is not so much a question of teaching the children the same language, but more about our culture. If they learn about fires and fire engines, it is related to the fact that a snow scooter can ignite because of the petrol," Sikku

explains. The more important question, however, remains that of land rights. The north of Sweden is rich in minerals, forests and hydro-power. The Lapps had used the land for hundreds of years but the Swedes poured in during the 19th century to build railways, start mining from ore and exploit the forests.

Nowadays, Lapland is seen as the crown jewel of the Swedish tourist industry and the authorities are intent upon promoting its beauty to visitors from overseas. To the military, meanwhile, the region is of the highest strategic importance to the defence of the Nordic zone.

There is still a certain amount of conflict over who owns the land and what rights the Lapps have to use it. They argue that by building roads, mining, encouraging mass tourism, constructing hotels, damming rivers and allowing the forestry companies to operate, the government destroys age-old paths and pastures used by the reindeer-herders. They also object to elk-hunting in the forests where they graze their reindeer during the autumn shooting season. So, the Lapps have put more pressure on the government to allow them to have their own parliament, which would be powerful enough to influence decisions on land use in the region.

"The state must give us the possibility of influencing planning and development in this region. Otherwise, they will continue to take a short-term view and favour the forestry interests at the expense of the reindeer farmers," says Sikku.

Five years ago, the government set up a committee to investigate the Lapps' land and water rights. The committee, due to report next spring, is studying the parliament question as well as control over

what is known as the Lapp fund. This is a foundation which receives money from the state for compensation to be paid to Lapp communities - for example, when their animals are killed by motorists or for land losses. The foundation is controlled by the government, which has a majority on the board. Not surprisingly, the Lapps want that situation reversed. Nor are they happy about being regarded as tourist objects. They would prefer to run their own tourist companies rather than have Swedish or foreign firms descending on them. "The Swedish media write about us only if they can find something negative to say," complains Stenberg.

It does not take long in conversation with Swedes to discover they have a distinctly snobbish attitude towards the Lapps, regarding them as quaint yet avaricious fellows who want the best of both worlds without having to pay the price. One Swedish insurance salesman who travels to the Kiruna area told me: "There are conflicts between the Lapps and Swedes because the Lapps want to have all the land for themselves." He was not prepared to concede that the Lapps might have lived there first.

"Lapps have special rights, as do the land-owners, and it is very difficult to find out the difference," says Bjorne Oquist, a lawyer who has special responsibility for Lapp questions at the Agriculture Ministry. That is the diplomatic approach. But probe a bit deeper in conversation with Swedes and you find they regard the Lapps as shady tax-avoiders who take advantage of the multiple benefits of the welfare state.

One reindeer-owner who was being harassed by the tax authorities simply told them he had buried the money they were after "in order to return to nature." And if you should meet a Lapp, don't ask how many animals he owns; that is considered extremely bad manners. As Stenberg puts it: "Our reindeer are our capital. You would not ask a Swede how much money he has in the bank - would you?"

Archaeology

Picking olives for Christmas

CHRISTMAS for many families in the Mediterranean does not mean turkey and television, or hunting and shooting, but picking olives. The fruit is ready for harvest through December and January, but Christmas, the New Year and Epiphany are the first good chance to get all ages together and tackle the trees.

Throughout the Mediterranean people have left the villages they grew up in to seek a better life in the towns, but often they still own land and vote in the villages. The olive harvest forces them to come back once a year and recover their fruits and roots.

The oil is too valuable to neglect and so it has been since domestic olives appeared 5,000 years ago. They cram their cars with people, tarpaulins, sticks and a picnic. The weather is usually good, as the winter rains are not heavy until well into January. They spread the tarpaulins round the tree, the men beat the tree and climb into it to reach the high olives. The women collect the fallen olives off the tarpaulins and fill the sacks. A few years ago in Crete you could see parachutes from the 1941 invasion round the trees - the hole in the middle was ideal.

Olive gathering is hard work and needs lots of hands, which makes it a jolly event. As there is no satisfactory mechanical picker, ways of harvesting have changed little for millennia. When all the trees are done, which will be several days' work, the olives are taken to the press, and in January there will be the pride and delight of using one's own first pressing.

How versatile and valuable the olive is. Traditionally the oil has been the best fat for table and kitchen, and it is low in cholesterol. Suet was almost impossible until refrigerators appeared, lard was little used because for so long people could not afford meat, except for important church feasts. It was the same with pre-Christian gods. A Greek or Roman sacrifice involved a small piece of meat for the god and plenty for the worshippers.

Palmolive soap reminds us that oil is good for the skin. Athletes anointed themselves with oil, and in the four-yearly Panathenaeic Games in Athens the prizes were Athenian amphorae painted with sporting scenes and full of best Attic oil. Cleaning with oil meant a good wipe afterwards to get rid of the dirt with the oil, or using a curved bronze scraper. As medicine, oil is good internally and for earache.

Another very old use was as the liquid base of scent, before distilled spirits had been discovered.

antiquity there was an enormous trade in scented oils. At the time that Corinth was selling scented Athens exported table oil in easily recognisable large containers. For Athens the olive mattered so much that it became sacred to Athena and there was and is today an olive tree on the Acropolis. When the Spartans invaded Attica at the end of the 5th century BC, they cut down the olives. That was a heavy blow, as olives are a long-term investment. They do not produce for four or five years, and may take thirty to reach maturity. Then they can last for centuries, as they have done in Tuscany and Puglia and in the great river of olives below Delphi. And even though they are a crop well only every other year, they give an excellent overall return provided there is cheap labour. The Athenians' slaves fitted that bill.

Cruder oil from secondary pressings went for lamps and heating, and the wood is ideal for fires and ovens. It smells good and burns hot and steady. But for an accidental fire, olive oil is the last thing one wants. In excavating a grand country house in Crete some years ago that had been burnt around 1450 BC, we found greasy earth where the oil would have been stored, and thick layers of charcoal, burnt mud brick and splintered masonry. The oil fuelled the fire which was so hot that pottery had vitrified, meaning a temperature of 1200 degrees Celsius.

In Cyprus we have come upon what is at present the island's oldest olive press of about 1300 BC. It is set at waist height on a mud brick platform. Here there was also a fire. The floor round the press is deep in ash, burnt olive pits and animal bones. But there is no sign of a fire in other rooms of the building. Why? There is one easy explanation. The place caught fire during the pressing, when the olives must first be soaked in hot water. That needed a fire which must have got out of control. After pressing the oil and water mixture is run into a separator, where the oil gradually rises to the top and the less sink in the water. The water is then tapped and that leaves the oil.

We should imagine the harvest rituals at this time of the year and the donkeys bringing the sacks to the press. It was an important event that depended on a tree that like no other in the Mediterranean symbolises stability and prosperity, and which gave Nona hope when the dove brought back a twig. And when summer comes, the most shady tree for a siesta is, of course, the olive.

Gerald Cadogan



One of the ways in which The Illustrated London News portrayed Father Christmas early in Victorian times

Santa: the metamorphosis

Janet Marsh on the many faces of Father Christmas

MOST of us have grown up in the happy belief that Santa Claus and Father Christmas are one and the same person. In fact their relationship seems to be little closer than that of John Bull and Uncle Sam, where neither of these genial old persons is nearly as venerable as his hoary locks and long beard might claim.

Santa Claus, as we all know, is a secular metamorphosis of St Nicholas, revered since the fourth century and variously patron saint of leeches, sailors and scholars, bankers and thieves. St Nicholas's legendary good deeds included reconstituting some unfortunate youths chopped up by an unscrupulous innkeeper who proposed to serve them up as pickled pork; and saving three impoverished maidens from slavery and worse, with gifts of gold to supply their dowries. (The gifts are still commemorated in the pawbrokers' three gold balls.)

From early times the feast of St Nicholas, on December 6, was celebrated in continental Europe by the giving of gifts - a custom which in time became transferred to Christmas. In Germany, the Reformation put an end to the celebration of St Nicholas; but he continued to hold sway in Holland; and the Dutch settlers in New Amsterdam took their "Sente Klaas" to the New World. Overnight, at Christmas 1823, the renamed Santa Claus seized the imagination of the entire American public,

thanks to the publication of a poem which a divine called Dr Clement Clarke Moore had written for the amusement of his children. For the first time and forever this poem, "The Visit of St Nicholas" (crystalised for Americans the whole Santa Claus lore: the sleigh and its eight reindeer, house entry via roof and chimney, Santa's sack of presents and the good children's stockings hung up to receive them).

Moore characterised Santa as a rather Germanic, goblin-like, pipe-smoking little creature, "chubby and plump, a right jolly old elf"; and it was thus that he was pictured by the German-born artist Thomas Nast, who gave America its first pictorial images of Santa Claus in the early 1860s. Nast's Santa is little and round, dressed in a kind of romper suit, knee boots and pointed, fur-trimmed cap.

In time, Nast's drawings were modified into the definitive costume of the modern American Santa, whose clone emissaries, numbering thousands, haunt every big store at Christmas: short tight-belted jacket, with breeches below, and an elfin cap with fur trimmings and bobble.

Meanwhile, the English Father Christmas evolved along his own quite different line. St Nicholas, it seems, had nothing to do with it in Britain: the only significance of the saint's day was the curious custom of electing Boy Bishops to officiate during the month of

Christmas. In the early part of the 19th century a somewhat vague mythological figure began to emerge in the iconography of Christmas: a bearded, ancient man, wrapped in heavy robes and symbolising winter. In time he began to be called Old Christmas; and the adjective "old" began to acquire warmer, nostalgic connotations as Washington Irving and Dickens propagandised Christmas as a time of charity, and created a romantic never-never land of Christmas Past.

We can trace evolution of Old Christmas through the verses and decorations of the Christmas numbers of The Illustrated London News which first invented this kind of seasonal publishing. In the early 1840s the old gentleman is still variously named Old Winter, King Cheer, Old Christmas; and only occasionally, in affectionate moments, Old Father Christmas. From being bare-headed or hooded, he acquires a somewhat drab, old-fashioned hat of a holly wreath. His gown begins to be decorated with the traditional fur edging.

From being a rather cold-boned old being, the ancient gentleman begins to proselytise the virtues of benevolence for Christmas charity. In 1850 Old Winter, "with Christmas at his side," exhorts mankind to: "Mingle with your Christian Mirth

Your hounteous Christmas charity."

Father Christmas, now unequivocally thus named, began to make regular appearances on the charming chromolithographs and space-cards of the early 1860s. Gradually the holly wreath head-dress was replaced by the warmer and more practical fur-edged hood. Not until 100 years ago, however, was there general agreement on the colour of father Christmas's garments. As late as the 1890s he frequently appeared in robes of green, blue and even white.

White-haired though he may be, Father Christmas is no stick in the mud. Victorian Christmas cards depict him as a pioneer user of the telephone and the motor car; and in this century he has progressed from ballooning to aeroplanes of every vintage and spacecraft, to keep up with modern means of transport.

His commercial enterprise persists, embarrassingly. European parents, like the Americans, have not only to explain away the multiple manifestations of Father Christmas, but must also adjudicate between the rival claims of the various Scandinavian tourist centres which offer package tours to Father Christmas's Arctic GHQ. Not to be outdone, Santa Klaus, between his appearances in the department stores across the American continent, officiates in his workshop both at North Pole, New York and at Santa Claus, Indiana.

You are a card, in bad taste

THIS ARTICLE is about company Christmas cards. But it needs a bit of introduction. I hold the (possibly old-fashioned) view that people send cards to wish each other well at the festive season - and that includes businessmen. Because of that, I have never favoured cards which include the company name or logo on the front, rather like an advertisement. It seems to be a debasement of the Christmas spirit. I therefore found myself in a bit of a quandary when I discovered that the Financial Times had chosen a card this year with a picture of its promotional hot air balloon. But the FT, my research has shown, is far from being alone in exploiting its name.

For example, Access, the credit card company, has incorporated its logo in the design for several years. This year, its card shows a cut-open Christmas pudding with a credit card nestling inside, like a sixpenny bit. It's a jolly picture brimming with Christmas cheer, but not altogether to my taste.

Another company that uses its name is Marks & Spencer. Last year, its card showed a Dickensian street scene with an M & S penny bazaar. This year's card has a map of the world with dots marking the countries where Marks has shops. The company says: "It's not so much an advertisement. It's so that you know right away who it's from."

Lloyd's of London, the insurance exchange, also toots its name. This year, its members can choose from a range of cards, some of them showing its eye-catching new building in the City with the corporate name in large letters at the bottom. While these cards appear to be quite popular, I was pleased to learn that Lloyd's best-selling cards are reproductions of marine paintings, unsullied commercially.

Less subtle offerings come from Texaco, which has three wise men arriving at a petrol station saying "This must be the place!" and Mercury, the newly formed telephone company which not only includes its logo on the front, but a 22 phone card inside as well.



Texaco's Christmas card: in dubious taste

Commercialised cards also came from General Accident, the British Airports Authority and Motorola, which went so far as to reproduce a couple of their portable telephones, reflected in a shiny Christmas tree ball. Maybe these companies were only following the example of the Department of Trade and Industry which had the most blatant card of all: "DTI, the department for Enterprise" it proclaimed in large letters set in a starry sky.

These cards certainly make a change from views of St Paul's Cathedral or snow-clad City streets, which the great majority of UK companies and banks seem to be sending out this

year. And I leave it to the recipients to decide if they are tasteful or not. But surely, there is a big difference between a Christmas greeting and an advertisement.

Some businesses may argue that the whole point of sending a company Christmas card is to further their business interests. Perhaps they should ask themselves whether their recipients would be more flattered to get a card which conveyed personal wishes for the festive season, rather than a blatant exhortation to do more business with them in the new year.

David Lascelles

Country Note Give us a kiss, then

AS CHRISTMAS approaches I have been reminded of the mistletoe I saw growing among the branches of mature poplars on the Somerset Levels earlier this year. From a distance I had taken the parasite to be a malformation of the poplar twig, similar to the kind known as Witchel. Broomsticks and caused by a fungus attacking holly trees. Closer inspection revealed the plant growing many feet above the ground.

The chances are that our mistletoe this Christmas will have come from Normandy. French supplies have replaced a more traditional source, the old and rapidly disappearing mistletoe orchards of Herefordshire.

Nowadays the increasingly scarce English mistletoe is once more largely dependant on the missile thrust for dispersal of its seeds. Even finding a good holly tree growing in a country-side is something of an event these days. I came across several fine specimens recently, growing on some protected heathland, the berries of the female trees gleaming against dark, glossy leaves.

In some cases there were prickly and smoothed-edged leaves growing on the same tree. I have been told that smooth ones tend to grow above the reach of animals. Holly is also useful tree, despite its slow growth. Its wood is dense, much valued for turning, and provides excellent slow-burning logs.

Brought into the house at Christmas time, a holly log was believed to give protection against lightning and had spirits until the following Christmas. I clearly remember, as a child in the chilly winter of 1963, "borrowing" a chimney to sweep my bedroom chimney. The contents of the chimney descending on my 11-year-old head was a timely preparation for the parental wrath that descended shortly after.

Had I but known it, a generous bunch of good scratchy holly, attached to a whippy hazel sapling, does an excellent chimney-cleaning job. Maybe the holly would have protected me against the other thing that descended that winter. My bedroom ceiling.

Jeany Poulsen

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TRAVEL/MOTORING

Playground for Bambi, bears and bull bison

Michael J. Woods visits the US national parks

THE HUGE shaggy bull bison pawed the ground, sending great clouds of earth showering behind him. The result was unsatisfactory and did not intimidate his rival. He lunged forward and rolled his bulk in the dust, disappearing completely before emerging, curly haired and horned like a devil from a cloud of smoke.

The bull he was trying to impress failed to retreat but remained within his private space and made obvious overtures to his cow. There was no option. A more positive show of force was called for and the two bulls clashed, head to head, each trying to push the other back over the soft grass.

Suddenly the second bull disengaged, spun round and ran. The first animal pursued the second for a short distance before returning anxiously to the cow of his fancy. Sights like this were common enough in America when bison teemed the plains in their thousands at the beginning of the last century, but the coming of Europeans spelt death and by the beginning of this century only some 23 bison remained.

It was partly because of this destruction on a grand scale that the American national parks were first conceived. Men like John Muir, a Scot born 150 years ago this year, realised that the wide open spaces, the vast forests, the majestic mountain ranges and the great variety of wild species they contained were not as limitless as they must have appeared to early pioneers, and that without legislation to conserve special areas, and their wildlife, general degradation must be the end result.

For some, like the passenger pigeon, such help came too late, but with the creation in 1872 of Yellowstone as the first national park, not just in the US but in the world, this downward spiral was curbed.

Since then the US national parks system has blossomed, and there are now in excess of 350 such parks as well as numerous other federal lands covering an area 700m acres in extent — all owned and managed by the government for the nation.

Not surprisingly for a country so committed to private enterprise, almost all the visitor services in these parks, especially the largest like Yellowstone and Yosemite, are provided by concessionaires.

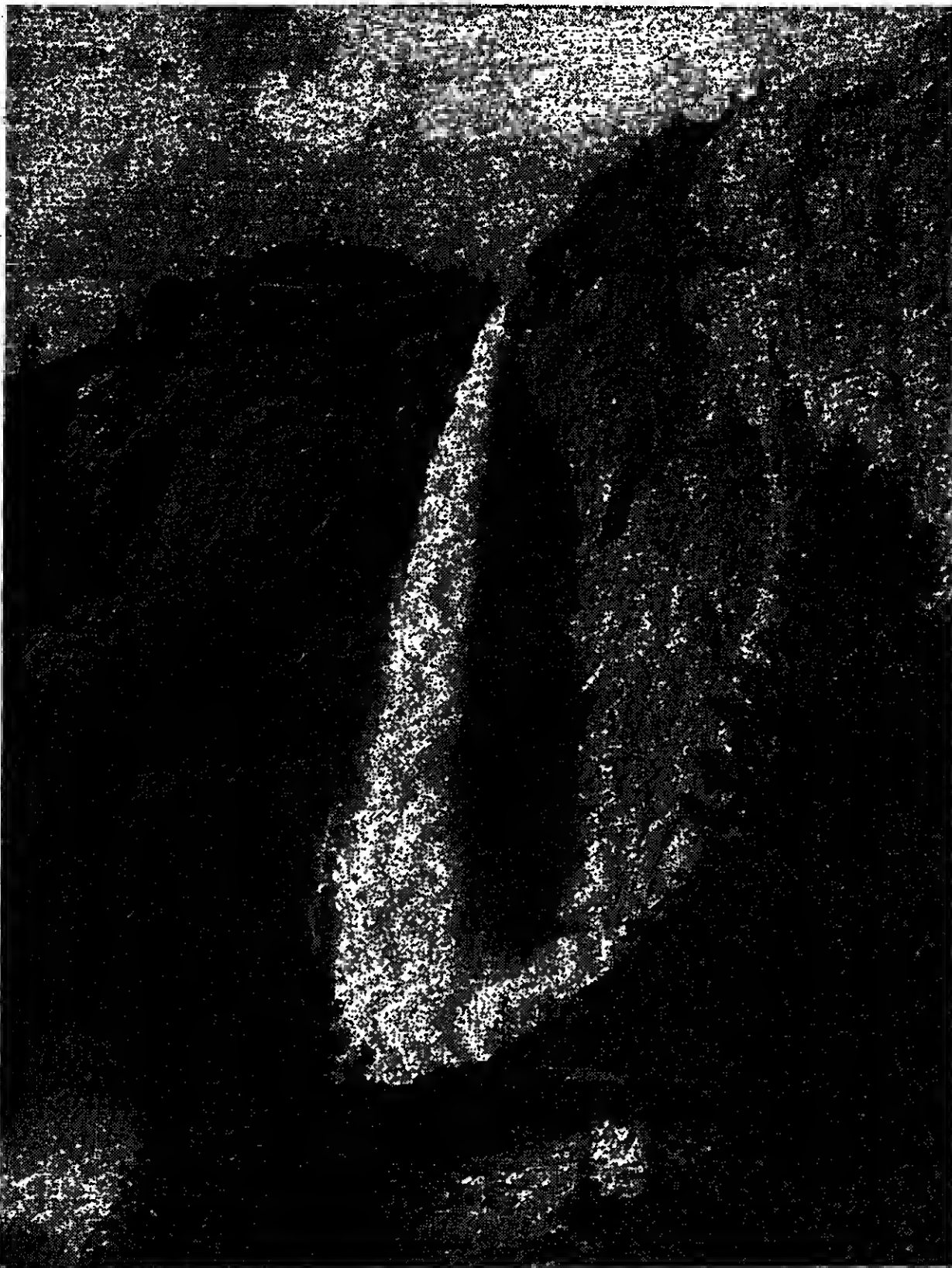
The National Park Service has direct responsibility only for the camping grounds, some of which are so popular that, at the height of the season, 150 Ticketron outlets are used for reservations. Sites can be booked only six weeks in advance, and the computer which links all Ticketron offices opens for reservations at the same time throughout the US.

Some camp sites are fully booked within minutes, which makes camping at the height of the season a difficult option for visitors from abroad without access to Ticketron. Other sites operate on a first-come first-served basis; although these may be full by 10 am or so, it does give Britons wishing to camp at least a chance to find a site.

Camping is certainly a rewarding way of staying in the parks. The sites are very clean and each has a parking space, picnic table and benches, barbecue fire place and, where necessary, a bear-proof food locker or two.

They also have an almost Disneyesque array of wildlife. During our first day in Yosemite we were greeted by Stealers jays and California ground squirrels. Finding our food stashed in the squirrels' proof lockers.

To my great surprise, I discovered that the park superintendent has total control over the activities of these concessionaires. All prices charged to visitors must be agreed with him, and he can veto any proposals which he feels could be damaging to the park under his jurisdiction. Fortunately, the concessionaires are sometimes lenient for up to 30 days, which enables the concessionaire to make substantial capital investments.



Yosemite Falls in America's Yosemite National Park

and laundrettes and public transport are all supplied by the concessionaires, along with recreational facilities like cycle hire and horse riding.

In Yellowstone, the beautiful wooden Lake Hotel, with its magnificent views over the mirror expanse of Lake Yellowstone, has been largely restored by T.W. Recreational Services to its 1920's splendour at considerable expense.

In the larger parks there is a wide range of accommodation, from small cabins only a little more substantial than tents to hotels of a good standard. There are generally plentiful supplies for self-catering, plus the opportunity to buy meals at a variety of outlets.

The National Park Service is responsible for providing all the infra-

structure within the parks, from roads and drains to policing, the latter of which is one of the many tasks of the rangers who, in their law enforcement role, can be involved in anything from solving serious crimes and finding lost walkers to helping negligent drivers, including myself, back into their locked cars.

Rangers are not simply policemen. Many are involved with park and wildlife studies. The range of information and the methods used for passing this on are impressive. Most parks have a daily programme of walks and talks which could involve the keen visitor almost from dawn to dusk.

The quality of these varies, but the best are superb. There is nothing quite like attending a lecture on the formation of the Grand Canyon on the very rim of the canyon itself. The ranger in question even made use of his fine ranger's hat to explain the upthrust of mountains and the flat plain that surrounded them at one point in history.

There are well-designed open air theatres for evening lectures and sing songs, each with a token camp fire; in Yosemite we went to see an excellent one-man show about John Muir and the philosophy that drove him to seek the formation of a national park there.

The sheer magnificence of all the parks I visited made it clear why they had been granted federal protection. There was a strange sense of youth about the landscape, a feeling that is reinforced among the hot springs and mud pools of Yellowstone and by the silt-laden Colorado River as it tears through the Grand Canyon.

At the same time, the wildlife was both plentiful and easy to observe. As well as Yellowstone's great herds of bison, there were moose — bulls with their huge hat rack antlers and cows with calves — and elk and mule deer, while chipmunks haunted the camp sites and picnic areas.

A yellow-bellied marmot, quite badger-like in appearance, ambled across a scree slope to sit next to the steps down which families were making their way to view the falls in the Grand Canyon of Yellowstone. It soon became a rival attraction.

Downriver, I spotted an osprey's nest strategically placed on top of a pinnacle up which it would have been almost impossible to climb. The birds were not totally safe, however, for they were plagued by a pair of hawks, and we had a grandstand view of the aerial battles taking place in the depths of the canyon below.

Throughout our woodland walk my younger son had purposefully jangled the car keys, having taken to heart the rangers' advice on avoiding bears. We were only two, when parties of four were advised, so he resorted to the age-old trick of noise to make our group sound large and fearsome. It apparently worked. To my great regret I did not see a single bear, either there or anywhere on my travels.

Undoubtedly the most dramatic sights of all, however, were the notorious fires in Yellowstone. The day we visited Old Faithful, the poor geyser was dwarfed by an enormous mushroom cloud of smoke which mounted and grew, black and menacing with a dreadful orange glow on its underside. On that day one of the park roads was closed, a portent of things to come.

This was a perfect example of the dilemma of the National Park Service, which is faced with a continual balancing act — on the one hand trying to ensure that the parks remain as natural as possible, on the other, giving the visitor a safe but unfettered glimpse of the wilderness.

The discovery almost 20 years ago that the policy (pursued for 80 years or so) of extinguishing lightning fires was ecologically unsound, led to the current "let burn" attitude. For the first time in Yellowstone's 112-year history there had been no rain in June and July, and the subsequent disastrous fires were the result.

A juggling act it may be, but the National Park Service works hard to restore the parks to their former wild state. In Yosemite it has removed buildings, reduced the amount of camping and generally cleaned up the landscape. The park superintendent told me that the park was now in a better state than it had been 30 years ago. There are very few national parks in the world about which you can say that.

Michael Woods travelled to the US on British Airways's fly-drive Pound-stretcher American programme.

Val d'Isère — it all happens there

THE GREAT Christmas extravaganza in the Alps has begun. As the curtain rises in ski resorts great and small all over Europe, the atmosphere in the chateau de la chaux ski areas is like a Disneyworld of skiing or a Palladium show on ice.

In Val d'Isère, perhaps the greatest of the French resorts, there is intense activity day and night. A searchlight sweeps the mountains like the lighthouse at Land's End.

Dick Yates-Smith is playing with his new toy on the roof of his chalet. Dick's T-Bar. Last year, he had a laser which spelled out the names of World Cup race winners on the mountainside. It was while he was trying to emblazon the name "Zarbriggan" that the laser blew up.

This is no quiet and sleepy mountain hamlet. Wood fires send wisps of smoke into the still mountain air, and there is a constant hammering of nails as more and more buildings take shape, especially at the new Val Village, which little by little is hiding from view the majestic mountains in which this exciting town finds itself.

Konrad Bartelski, whose second place at Val Gardena in the World Cup has never been bettered by a British skier, finds the frenzied development here depressing. "Val has changed so much in the two years since I was last here," he says, "but in Muerren, for example, they've only added a couple of buildings in the last 20 years."

While engineers and earth-moving vehicles work on the new Olympic downhill course for the 1992 Olympics, a crew from Television South is scrambling around on the Forêt cable car, just like Clint Eastwood in the film "Where Eagles Dare".

They are interviewing engineers who are checking out the equipment before the hoards of Christmas skiers arrive.

The producer, Stuart Nimmo, turns out to have been the baby on the labels of the Cow and Gate powdered milk tins. He still has blue eyes and blond hair, but now he has deadlines and budgets to keep to and powder of a different kind to concentrate on.

Nimmo is making a network TV series about skiing. His cameraman, Simon Staffarth, spends hours valiantly skiing backwards or sitting on the back of snowmobiles while the Ecole de Ski Français carve pretty patterns in powder. They have also been filming the English cricket captain, Graham Gooch, learning to ski.

The French have an uncanny limited understanding of cricket, but they realise that he is a huge celebrity in his own land. However, his presence — with his wife and daughter — has not been universally welcomed.

Jonathan Elshor, a black Bosnian skier who likes to call himself the Daley Thompson of the Alps, visibly snarled at Gooch's presence because of his South African connections.

Chalet girls and "hostesses" (chalet girls who don't cook) are taking stock of their first clients. Elaine, hired by Bladon Lines to play the piano in its Chalet Forest (a little youth hostel-like, but good food and friendly staff) had all but broken her thumb only days before coming out here during her first tentative descent of a plastic ski slope in the London borough of Hillingdon.

"I didn't dare tell Bladon Lines," she says. "I was terrified that they'd sack me." As it happens, she plays beautifully with or without her thumb in plaster.

Val's tourist director, Claude Regis, is almost as frenetic as his resort. In between issuing — or refusing — an endless stream of journalists with free lift passes, he is never off the phone.

There are never-ending inquiries about all kinds of events that have little or nothing to do with skiing.

Recently, there was a rock film festival which followed an extraordinary human chain of skiers — said to be a world record — almost linking Val with its equally illustrious neighbour, Tignes.

Looking for all the world like the longest lift queue in the Alps, 5,000 people linked hands in homage to the 1992 Winter Olympics and to Val's favourite son, Jean-Claude Killy.

There has also been a downhill race for all-comers organised by Top Ski, a specialist alternative ski school. And there are various ski instructors like Roddy Smith who teaches in Andorra and hunts crocodiles in his native Zimbabwe in the winter ex-patriates like David McCullum, who is a property developer specialising in chalets, and assorted people such as myself.

"Because there's not a great deal of powder around at the start of the season, we like to provide something exciting to get the season off to an interesting start," says Jean Zimmer, joint director of Top Ski. With his brother Patric and a small team of instructors, they take parties of six skiers in search of the best snow. This may mean taking them off piste, perhaps by helicopter, or even to other resorts.

"If there's any good snow," says Zimmer, "we'll find it." Last year, out of 140 days, we only had two lousy days."

Arnold Wilson

In search of a small, chic model for your old age?

Stuart Marshall on why he wants a little, luxury car

FOR YEARS, I have been telling my motor manufacturer who would listen to me that they really should be making a baby luxury car.

Typical buyers, if I am right, would not be thrusting yuppies because they already have Golf or Peugeot 205 GTIs and their sights are set on Porsches.

The people I have in mind are retired professional men. They and their wives, like the sensible people they are, use senior citizen railcards for long journeys. Their cars are mainly for shorter distance trips to the shops, grandchildren, golf or the bridge club.

Just as easily, buyers could be the wives of senior managers. They do their long-distance driving in his company Mercedes, Jaguar, BMW, Granada or even a Renault 25. Their own personal cars are mainly runabouts.

They don't need the bulk of a big car but cannot see why their little one should not be trimmed as luxuriously, or be trimmed as mechanically and comfortably as ride in.

Naturally, they would like it to look chic. It must be as easy to drive as their husband's 220,000 executive saloon and, because it is smaller, much easier to park.

So, what do we have? A hatchback just under 12 ft long with automatic transmission, power steering and a luxurious interior. In other words, a Renault 5 Monaco. At least, I think a Renault 5 Monaco.

My doubt is because there are two versions and the one I tried put too much emphasis on performance for the buyers I have in mind. It had five-speed manual transmission and was powered by the 1.7-litre, 90-horsepower engine also used in the 5GTx.

The one I should have liked to have tried was the automatic with a 1.4-litre, 68-horsepower engine.

Still, the car I drove was a great little goer. It went so well on the open road that I found Renault's claimed 115 mph (185 km/h) maximum believable entirely.

It accelerated rapidly enough to squeak its front tyres in first or second, cornered capably and sprinted through traffic gaps. The power steering was positive on winding roads and so light at low speeds that it made the Monaco less trouble to park than a Mini.

On the debit side, the clutch was surprisingly heavy, the gearshift rubbery and the

sporty suspension made for quite a turbulent ride on rough roads.

Inside, I approved of the standard leather seats, the remotely-controlled central locking, power windows and high-class radio/stereo cassette. My wife had nothing but praise for the way the colours were co-ordinated. Everything matched, from the metallic paint, bumpers and side protectors to the door mirror housings and interior trim.

The boot is carpeted, the rear seat back-rests fold 60/40, and there is a full-width fitted case under the parcel shelf. Alloy wheels and low-profile (65-series) tyres are part of the package.

They look smart — but the buyers I have in mind may well prefer cheaper wheels and narrower, softer-riding tyres. The savings could go on power-adjusted mirrors and perhaps a glass sunroof.

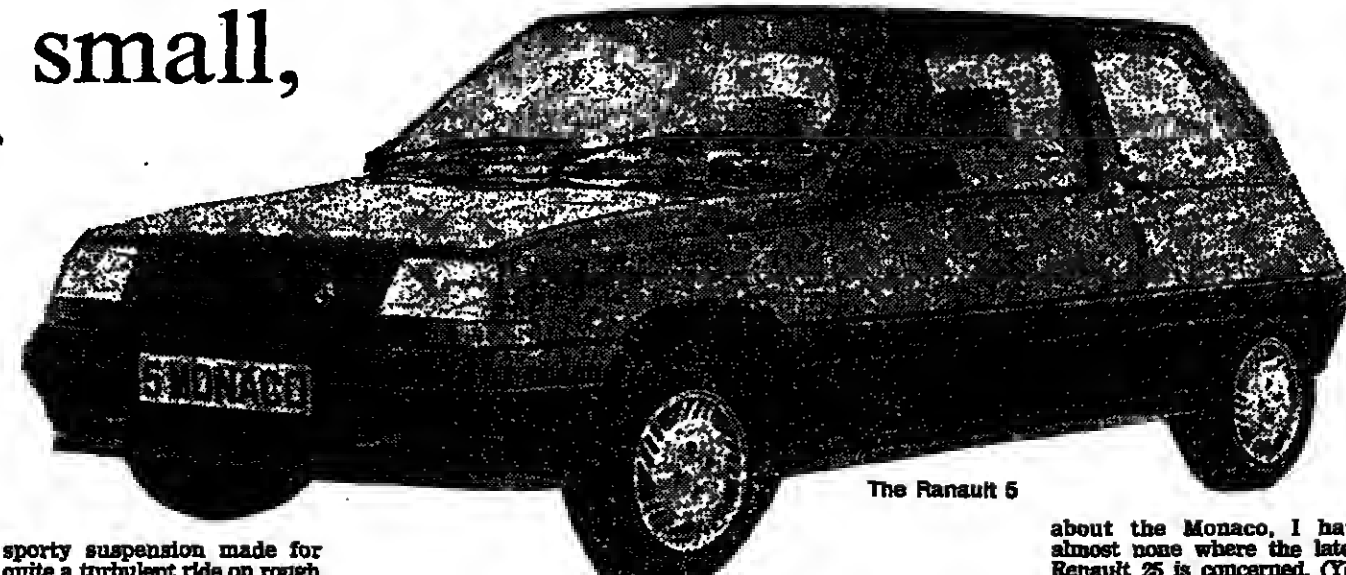
Whether you have the muscular 90-horsepower manual gearbox version I drove, or the less-powerful (and, I suspect, nicer) automatic, the Monaco costs £9,235. If you just want a

two-pedal, power-steered super-minor without the elegant trim and exclusive decor, the normal 5 automatic with power steering costs £7,850.

There is also a five-door version for £9,555. The official fig-

ures suggest the manual gearbox car is more economic on the motorway but thirstier than the automatic in town. Both should return around 35 mpg (8.07 litres/100 km) in average use.

If I have a few reservations



The Renault 5

Fiat exhibits

ARE INDUSTRY and art mutually antagonistic? If you think of industry only in terms of smoking chimneys and slag heaps, I suppose so. But the Italians disagree. Fiat's exhibition at the Science Museum, South Kensington, makes several points.

The most important are that Fiat's growth over the last 99 years symbolises Italy's industrial revolution and second, that it took place in sympathy with the country's artistic tradition.

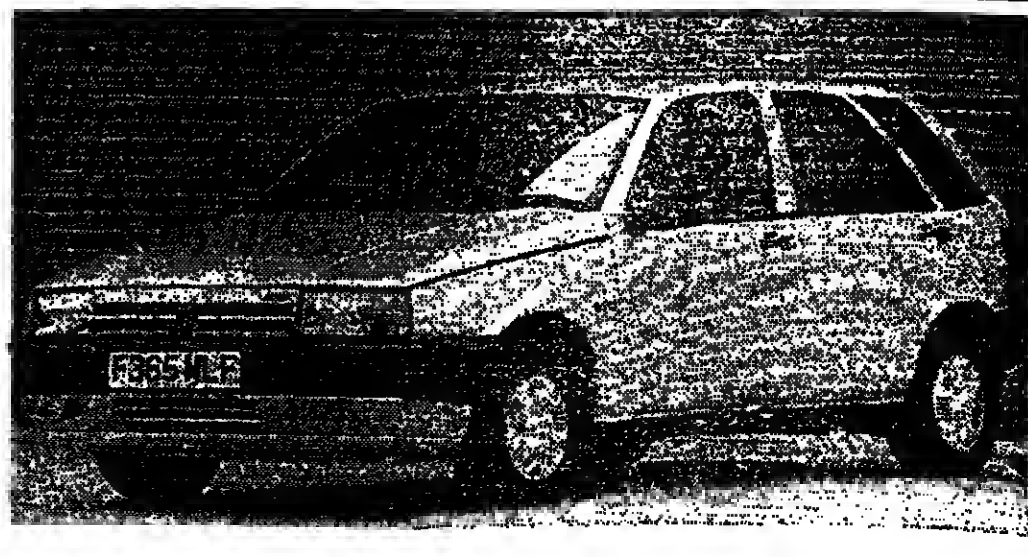
Fourteen lorry-loads of

exhibits ranging from a genuine Ferrari F40 to lovely scale models from Turin's Centro Storico Fiat and a robot drawing the Mona Lisa have been set up in clinical surroundings.

I rate it well worth a look, because it takes in trains and planes as well as cars — Fiat, after all, makes practically anything that moves and a great deal more besides.

The exhibition is in London until the end of March 1989.

S.M.



BOOKS

Passionate and eccentric peers

Peter Quennell on the Byrons, a long line of often ill-fated men and women

ALMOST EVERY imaginative writer is now and then haunted by the legends and spectres of his own ancestral past. Byron, for example, throughout his whole career would never quite lose touch with the long line of adventurous, often ill-fated men and women, who, he thought, had helped to direct his course and shape his adult personality. He was proud of his lineage, but well aware that from them, especially from his father, grandfather and notorious grand-uncle the "Wicked Lord," he had inherited many erratic and sometimes self-destructive traits.

His father, John Byron, nicknamed "Handsome Jack," had been a spendthrift and a rake, and came to an ignominious end. Having seduced, married and soiled the beautiful Lady Carmarthen, he had carried off a plain and unpolished Scottish beauty, squandered her large fortune and left the country to seek financial refuge in France, where, at Valenciennes, he lived a solitary but still a determinedly dissipated life.

More suggestive from Byron's point of view was the fact that, as his letters show, he had a strong attachment to his sister, which, it seems, was almost amorous. During his last days he was desperately poor. "I have not a shirt to my back," he told his sympathetic sister, "nor a coat, as the one I had here is totally used." He died at the age of 35, possibly killed by tuberculosis, but, it

THE HOUSE OF BYRON. A HISTORY OF THE FAMILY FROM THE NORMAN CONQUEST 1066 - 1988
By Violet W Walker, revised and completed by Margaret Howell
Quiller Press, £15, 340 pages

was also rumoured, by his own hand. Still more striking were the "Wicked Lord" who had slain a neighbour in a duel and become a highly eccentric recluse, and the poet's grandfather, "Foolweather Jack," so called because, though a gallant sailor, whenever he set sail, he was said to run into a storm. But he possessed considerable literary gifts, and published a *Narrative* of his strange adventures that delighted John Wesley: "My scraps of time this week," wrote the great preacher, "I employed in reading the account of Commodore Byron. I never before read of anyone who endured such hardships and survived them. Sure, no novel in the world can be more affecting or more surprising..."

The poet, too, admired his grandfather's talents; and when, at Venice, he was composing *Don Juan*, he borrowed from the *Narrative* some vivid details of his hero's shipwreck. Between himself and Foolweather Jack, he believed, there was a fascinating resemblance,

which he afterwards underlined in a poem to Augusta Leigh: "A strange doom is thy father's son's and past. Recalling, as it does beyond redress, Reversed for him our grand-sire's fate of yore. He had no rest at sea, nor I on shore."

Few of the Byrons led peaceable lives; and, if they were not ill-advised, they were apt to be unlucky. Thus, another John, who fought bravely in the Civil Wars, managed to lose two major battles for the King, Edgemoor and Marston Moor, by following Prince Rupert's lead and making an impetuous charge. The poet's grandchildren, offspring of his daughter, and a solemn peer, Lord Lovelace, appear to have been equally rash and headstrong. The Lovelaces' heir, Lord Ocham, having gone to sea, left his ship to become a maul, labourer and, as he held strong views on social equality, decided to give up his title. Meanwhile, their mother, a blue-stocking and brilliant mathematician, invented an ingenious gambling system, which caused her to lose some £20,000.

The present book covers the whole history of the Byrons from the Norman Conquest to the 20th century. Begun by the late Violet W. Walker, one-time archivist at Nottingham public library, on her death after 20 years' research, it was carried on and considerably enlarged by Margaret J. Howell, a rest-



Henry James Byron, English dramatist, 1834-1894

dent of Vancouver, who has made a special study of the Victorian stage and the presentation of Byron's dramas there.

Both sections of the book were written by Byronic enthusiasts and contain a good deal of interesting information; but the passages Howell has added are perhaps a little over-detailed. Since a mid-19th-century member of the family, Henry James Byron, made his name as an actor and popular

playwright, she has given us a chapter, called "The Byrons on Stage" that runs to nearly 40 pages.

Though the poet, always a passionate admirer of Edmund Keats, was once deeply involved with the affairs of Drury Lane, where he broke a young actress's heart, I doubt if this addition casts much important new light on the story of his ancient House.

GI's view of Italy's post-war chaos

William Weaver recalls the wild and raw times when US troops liberated Naples

THE GALLERY
by John Horne Burns with an introduction by Paul Bailey
The Hogarth Press £5.95 (paperback) 352 pages

IT WAS definitely not bliss to be alive and young and in Naples in the months after its liberation (or, as the Neapolitans called it, the American occupation) in the autumn of 1943; but it was an experience none of us, I think, would have wanted to miss.

Life in Naples then was raw, tense, close to the surface. The city, half-shattered by bombing and street-fighting, was exposed; its suffering was aggressive, and its solutions to its problems demonstrated an ingenuity, even an insolence that the occupying soldiers often had to admire, though they were frequently the bruisers of that humour and the victims of those ruses.

In the summer of 1947, just over three years after my return to America from Naples, I read *The Gallery* by John Horne Burns and I was overwhelmed. Though Burns had actually arrived in the city a few weeks after my departure, here, in his pages, was my Naples: here were the sounds I had heard, the smells I had smelled. Here was the Teatro San Carlo, where drunken GIs, sharing shabby boxes with prostitutes, cried uncomprehendingly at *La Bohème*. Here were the stuffy officers' clubs, the pro stations; and, supremely, the Galleria Umberto Primo, focus of the city, magnet, south temple.

Burns puts the Gallery to a double use. First, it is itself the soaring, fanciful piece of architecture, meant to be the city's tribute to a monarchy that seemed remote a century ago, and in 1942 had only a short time left to reign. The collection of bars, cafes, shops, and the mosaics, the statuary, the decorations, even in the depressed Naples of today, seem to guarantee vitality. But Burns uses the Gallery also as a place to hang his portraits, the impressive range of characters who composed this novel that is not so much a novel as a collage. The self-righteous American Red Cross woman, the drunken GI, the two chap-

lains, the long-suffering but bone-wise Giulia, and the supreme Momma, padrona of a gay bar, where misfit soldiers of every rank and nation gather to bitch and ponder and talk.

And in between the portraits are the promenades (a gifted musician, Burns obviously had in mind Mussorgsky's *Pictures at an Exhibition*), haunting or polemical essays on places, attitudes, the wartime contrast of the longer portrait studies. Here, too, people talk: the rhapsodic narrating "I," the

LITERARY COMPETITIONS
A very large number of entries has been received for this year's literary competitions. They are now being judged and a full report with the prize-winning entries will be published in next Saturday's Weekend FT

anonymous pic and the mess sergeant, exchanging their sometimes enlightened commentaries on Naples, the Italians, women. Burns had a musician's ear, but a romantic musician's; he is not afraid to add *floriture* to his dialogue. Though I suspect many readers - and especially many reviewers - did not understand *The Gallery*, it enjoyed a considerable success. The second, and more conventional novel, *Lucifer with a Book*, was received coolly; and the third, the baroque, grotesque *A Cry of Children*, was savagely con-

demned in the worst American tradition of reviewing. Burns was blamed for not repeating himself. It was then that I met Burns, in Florence, and we became friends. He was only seven years my senior, but partly because he liked to assume an avuncular attitude, and partly because our positions were so different - he, an established, if debated writer; and I, at my first job as music critic on an Italian weekly - there was almost a generation gap between us. I was the junior partner. But that was a good position. Often taciturn, tetchy with others, John relaxed with me; and I got to know not only the deep reserve of warmth and comprehension in him (easily recognized in *The Gallery*), but also the fundamental bitterness - he had known, at Harvard and elsewhere, the WASP's contempt for a Boston Irish boy - that underlay his work.

With the bitterness went a sharp, rapid-fire wit; and I remember our almost daily lunches (I worked evenings, and he drank), as punctuated by mutually infectious laughter, by running jokes, and - since his Italian was superb - elaborate bilingual word-play. Now the Hogarth Press has reissued *The Gallery*, with a perceptive and persuasive introduction by Paul Bailey, giving a new generation of readers an opportunity to become acquainted with the work. I have re-read it myself, with that particular pleasure of discovering beautiful pages I had forgotten and of revisiting old and beloved acquaintances. Of course, I am an even less objective reader now than I was 40 years ago; but I believe the book seems to hold up well. Its detractors have called it operatic; but to me that is a term of high praise. At its best, *The Gallery* does indeed have the brilliance, the apparent but controlled freedom of an opera; and like my favourite operas, its brilliance also reasserts the truth.

The quill pen is mightier than the word processor

MOST LETTERS, as the editor of this excellent anthology remarks, are very boring. But since, like characters in an 18th century novel, we might learn from this book how to write them better.

Felix Pryor was once in charge of manuscripts at Sotheby's, and he has chosen several hundreds, most of them fresh and unfamiliar and a few even unpublished, and arranged them in original spelling and chronological order from 1578 to 1938. In the first Sir Philip Sidney, in an uncharacteristically thoughtless mood, threatens to knife his father's secretary if he dares ever again to open his letters; in the last Albert Einstein, in hellish mood, warns President Roosevelt to beat the Germans by building the bomb first.

The letters then, are, surprising, and not especially literary their chief charm lying in their unexpected information: that Dickens thought Chalmers the dullest place on earth because he could not buy Sunday papers there, or that Tennyson was troubled by the inmates of a local lunatic asylum, one of them (presumably the madder of the two) posing as an assistant librarian of the British Museum. Less surprising, no doubt, that Baron Corvo would need a liver, and need it at once.

THE FABER BOOK OF LETTERS
edited by Felix Pryor
Faber & Faber £12.95, 319 pages

Letters can be good in inverse proportion to the talents of their authors. John Donne's can be empty, as if he were keeping the best of himself for his poems. Horace Walpole's are marvelous, though they are sensibly under-represented here, being well known; but no one would call him a great writer. Alexander Pope called his back and re-wrote them for publication, engaging in tricky practice over his rights, but the Pope who appears in them is not the rocco genius of *The Rape of the Lock*; and Trollope wrote mostly dull letters in life, inventing some brilliant ones for characters in his novels.

The book offers genius in a dressing-gown, then, talent at play, and mediocrity fired by sudden passion. The greatest epistolary age, perhaps was the late 18th century and early 19th century, when the typewriter and word-processor, even the steel pen, were not yet invented. The greatest English letters, like Dr Johnson's or Sydney Smith's were written with a quill pen. As befits

a manuscript expert, Mr Pryor is scrupulous in giving his sources and indexes, and his introduction makes you wish you had kept more from the past. Even the best auction-houses cannot market a letter you have carelessly destroyed. It takes a lot of sang-froid, as the editor remarks, to throw away one from a queen or a president, but then you never know who may not become what. And some letters are to be kept simply for what they say, or how they say it.

My own favourite here is Dryden, no great letter-writer who yet knew what it was like to be a drudging author: "Ere the summer be passed I may come down to you with a volume in my hand, like a dog out of water with a duck in his mouth."

Others may prefer a rascally Member of Parliament telling his constituents he has decided to buy himself another borough: "May your houses be as open and common to all excise officers as your wives and daughters were to me when I stood for your second borough."

Not quite the language of the modern politician though there may be moments when he feels it.



George Watson Sydney Smith: great letter writer

Trade and conflict

WAR AND ECONOMY IN THE AGE OF WILLIAM III AND MARLBOROUGH
by D.W. Jones
Blackwell £35.00, 351 pages

period reviewed by Dr Jones were, fiscally, of very little significance.

To put it very crudely, the immediate implication of both wars was a species of Catch 22. To maintain her fighting forces England needed to maximize her trading revenues, yet just because she was involved in conflict her trading revenues were in constant jeopardy. For example, not only was merchant-shipping vulnerable to attack, but the quality of the service necessarily deteriorated because of demands for vessels and men from the

Navy. The problems were solved by the creation of a national debt through such initiatives as the Bank of England (created in 1694) and the reformed East India Company, a quantum advance in international credit facilities, and increased exports, chiefly in woolsens, to the Netherlands and Germany in the 1700s.

To support this picture Dr Jones has brought together an impressive collection of facts and figures. His many tables alone will constitute an invaluable resource for historians. His book suffers however from a lack of intellectual grace, and from an inability to consider adequately either the strategic realities of his two wars, or the finer ironies of history. He takes issue with the decision to deploy England's naval forces attackingly, whereas in fact

that was probably the best available means of defending her long term interests. He also devotes an elaborate chapter to arguing that a system of direct supply, rather than supplying English armies with goods purchased in situ, would have been cost effective to the extent of perhaps obviating the need for a public debt.

As it was, the creation of that debt was ultimately of the greatest value, since it committed subsequent governments to policies whose priority it was to protect and enhance Britain's worldwide trade presence. It was also, as it happens, a key stepping stone along the path toward a more fully managed economy. But in the subject of governments, and the formulation of governmental economics, Dr Jones, although he incidentally invokes the spirit of Keynes, has curiously little to say.

Justin Wintle

What is France?

THE IDENTITY OF FRANCE: VOLUME I HISTORY AND ENVIRONMENT
by Fernand Braudel translated by Sian Reynolds
Collins £20.00, 432 pages

north-south divide, in particular, has frequently been a source of mutual incomprehension. Racine, arriving in Uzès from his native Valois, found himself completely *dépayés*. Others had a similar reaction. Prosper Mérimée, a Parisian of Norman extraction, felt on landing at Avignon that he was stepping on to foreign soil. Renan looked upon Languedoc and Provence as sources of

frivolity and foolishness (and speaking personally, I remember once extolling the inexhaustible variety of France to an aristocrat of impeccable northern lineage, to which he replied dryly, "That's so, except that south of the Loire it's infested with Mediterranean"). Of course, this could work in the opposite direction as well. One thinks of Stendhal and his life-long love of the south; but then Stendhal was born in Grenoble, which is already half way there.

In fact, the vitality of French culture derives largely from such opposing tensions, and Braudel has examined them closely at every level. An earlier generation of historians restricted themselves largely to the chronicles of successive royal houses, Merovingian, Carolingian and Capetian. The new school has concentrated on the rich soil, the lives of ordinary men and women, which provide the essential background to an understanding of the rise and fall of royal dynasties. Fernand Braudel was an outstanding example of the new school, and the first volume of his final major work has been faithfully served by an admirable translation.

Erik de Mauny

ROBERT OPIE'S Sweet Memories (Pevilion Books £12.95, 119 pages) is a nostalgic collection of, mainly, confectionary advertisements going back to before the First World War. Here are all those rosy children and willowy ladies bidding you eat chocolates and other goodies now frowned on by dentists. Sweets to the sweet!

Artists at work - in a rambling sort of way

THE STUDIOS OF PARIS: THE CAPITAL OF ART IN THE LATE NINETEENTH CENTURY
By John Milner
Yale University Press, £25.00, 248 pages

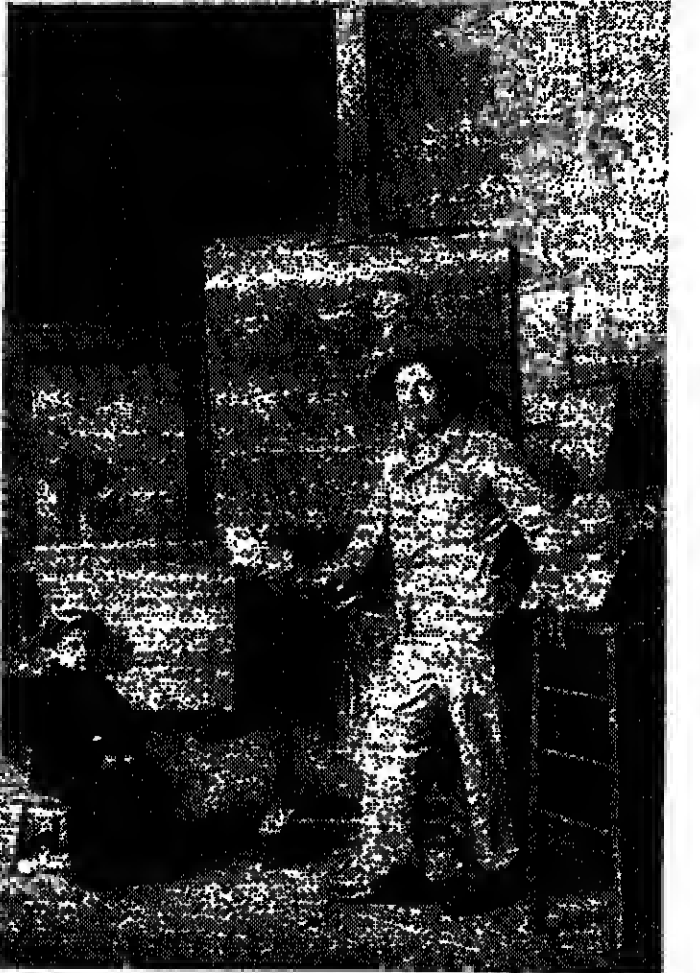
IN PROCLAIMING his concern with the social and topographical context within which a number of artists worked in Paris during the 1880s and 1890s, John Milner in *The Studios of Paris* easily convinces the reader that he has succeeded in identifying a particularly interesting area of inquiry. The social decade were marked by dramatic conflicts between established academic artists - such as Gérôme, Bouguereau, and Meissonier - and innovators such as Degas, Manet, and Rodin.

They were also characterised by an intriguing ambivalence in the definition of the artist's place in society: he (or occasionally she) could be regarded both as a respectable figure with a secure social position and, at the same time, as a wild and flamboyant bohemian.

Many of the late 19th century photographs of artists which are included in this book emphasise the more conventional side of the profession: the sitters readily assume the appearance of successful public figures, ensconced in carpeted and comfortably furnished studios. Their surroundings often, nonetheless, exude a certain air of exoticism: Benjamin-Constant has a dried crocodile hanging from an interior balcony, and a stuffed cheetah dimly visible in the background.

In contrast to these images of bourgeois respectability, the anecdotes which Milner relates usually focus on examples of fairly full-blooded bohemia - such as the Bal des Quat'Z'arts at the Moulin Rouge ("a riotous assembly of nudity and fancy-dress to which the public were not admitted") and the successful attempt by the clients of the Lepin Agly restaurant to submit to the Salon des Indépendants, in 1910, a canvas painted by a donkey with a brush tied to her tail. (The painting was accepted as a *Sunset on the Adriatic*.)

Even the more strictly traditionalist artists of the time were happy to cultivate ebulliently *outré* forms of behaviour: the book eagerly tells us of Meissonier's penchant for



Jean-Louis Forain photographed in 1896 in his studio with Jean-Loup, his son

roughly shortened. (It would seem from the number of mistakes in Milner's text that the proof-readers also found it irritatingly prolix.)

Such complaints are perhaps over-fastidious, however, when applied to a book which is unashamedly organized around its pictures. *The Studios of Paris* contains large numbers of admirably selected illustrations - including, for example, Maurice Guibert's trick-photograph of Toulouse-Lautrec working on a self-portrait (in which the artist appears twice), and Gérôme's painting of himself, in 1895, sculpting Tanagra, with the model and the life-size marble figure side by side on a low turn-table.

The only weak point in these illustrations is in the portrayal of studio architecture: there are few interior views which give any idea of space and lighting, and the modern exterior photographs are often awkward and inadequate.

Chloe Chard

ARTS

Saleroom: Antony Thorncroft sums up a record-breaking 12 months for the auction houses Hammer comes down on a boom year

The figures tell it all. Sotheby's international sales in the autumn season were almost 42 per cent higher than in 1987, at \$482m, and Christie's managed a rise of 61 per cent, to £383m. While other investment opportunities have blown a gasket in the last year, the boom in fine art seems to be moving into overdrive.

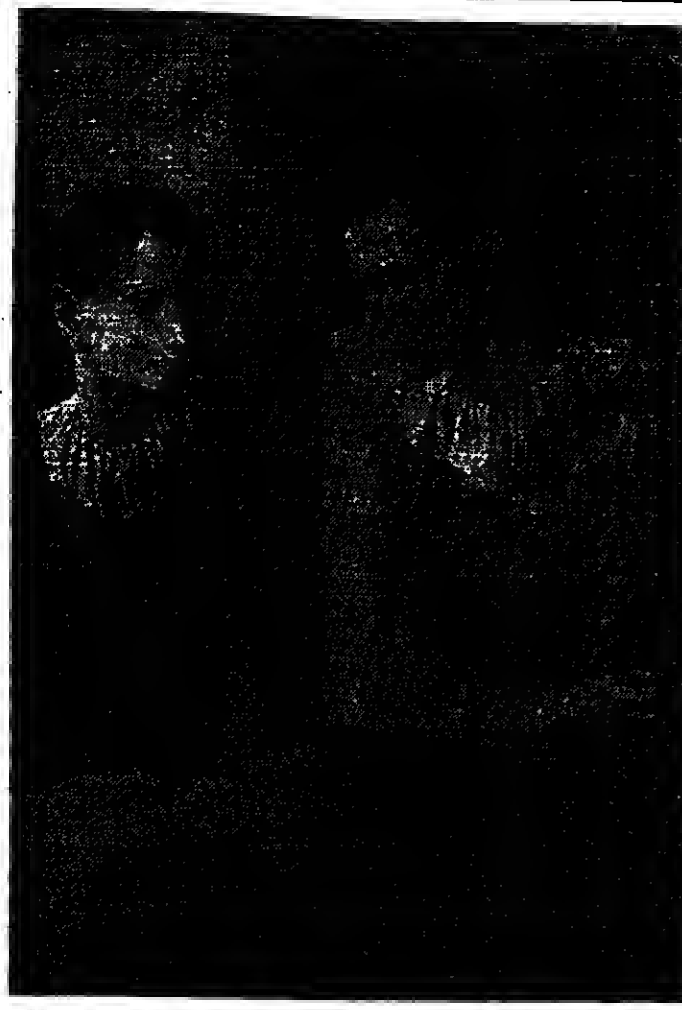
Common sense suggests that there must be an adjustment soon but it is easy to marshal an impressive array of arguments that 1989 will be yet another record year for the auction houses. Sotheby's and Christie's have encessantly gone global - New York this autumn out-sold London in value of lots for both companies - and they have constantly tapped new sources of rich enthusiastic buyers, currently the Japanese who arrived on the scene to pick up the slack left by the Arabs.

The wealthy in most advanced nations are still enjoying unparalleled prosperity and they have been sold on the idea that works of art convey both an image of gentility and refinement - and will also prove a good investment. There is also the fact that, as more of the world's great masterpieces disappear into museums, those still arriving on the market should be snapped up, almost at any price.

Few of the mega-rich are art connoisseurs - yet but if only a handful take up the challenge each year then the salerooms can hope to maintain the giddy momentum they have set themselves. There is, however, an unfortunate side effect in converting some of the sharpest business wheelers into collectors: they are tempted to acquire the salerooms. Sotheby's fall prey to the American property developer Alf Taubman, who has done very well out of his investment, and now there are rumours about Christie's. The Australian millionaire Robert Holmes à Court this week acquired a 6 per cent stake in the company but he could be just the stalking horse for his wealthier co-patriot and picture collector, Alan Bond, who made the highest bid ever at auction - \$83.9m in New York last year - to acquire Van Gogh's "Trises".

It would be sad and ironic, but in line with the jungle law of the City, if Christie's, which has over-hauled itself dramatically in the past year under the chairmanship of Lord Carrington, should fall victim to a hostile take-over bid.

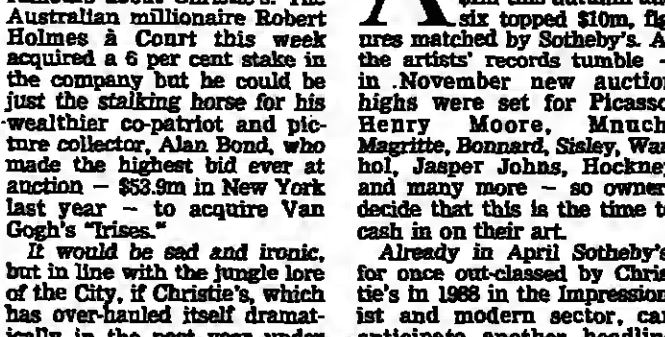
The handful of the very rich who have become interested in art, in particular in Impressionist and modern pictures (which now account for a worrying 40 per cent of the turnover of Sotheby's and Christie's), are transforming the market into a head start towards overhauling the 19th century Impressionist and modern paintings can rarely afford to bid for the top pictures, and the salerooms are increasingly acting as (unpaid) advisers to both sellers and buyers.



Acrobats of Jeanne Arlequin, sold by Christie's for £20.5m, a record for a Picasso piece and any 20th Century work of art



Imperial yellow ground landscape bowl, 18th Century, Qianlong. Sold by Sotheby's for £265,714



1936 Mercedes Benz 500K Special Roadster, sold by Christie's for a record £1,595m

Rudolph II was described by his contemporaries as "the greatest art lover in the world." During his reign as Holy Roman Emperor (1576-1612) he transformed the Imperial court, which he moved from Vienna to Prague, into a major cultural capital. He brought to it the sculptor Adrian de Vries, painters Hans von Aachen and Josef Heintz the Elder, goldsmith Paulus van Vianen, and the celebrated Miseroni and Castrucci workshops, and continued his father's patronage of Arcimboldo and Spranger.

The centre of all excellence Susan Moore on the art wonders amassed by Emperor Rudolph II



Silver plaqueta of Mercury and Argos by Paulus van Vianen

By gift and purchase he amassed a vast collection of paintings - including masterpieces by Durer, Bruegel, Raphael, Leonardo and Correggio - sculpture, manuscripts, drawings, and a wunderkammer of jewels, plate and natural wonders of astounding virtuosity. His was arguably the most dazzling Mannerist court of them all.

Something of its splendour and spirit is suggested in what must be the most ambitious and spectacular exhibition of the year. "Prague around 1600: Art and Culture at the Court of Rudolph II" first opened in Essen, and now, scarcely conceivable, a bigger and better version is on show at Vienna's Kunsthistorisches Museum, until February 26.

of the natural world are its delights. Beside Hoffmann's meticulous "Hare in the Forest" are sensitive studies of birds and bugs, dogs and frogs. From the Austrian National Library come the wondrous albums of watercolours by Giorgio Liberale and Jacopo Ligorio of fish, shells and birds. In the same section, somewhat confusingly, are Roelant Savery's exquisite landscapes and still lifes.

Surprisingly, perhaps, the fruit, vegetables and fish of Arcimboldo's bizarre composite heads are as carefully observed as anything by Liberale or Ligorio. Recent scholarship informs us that we should not dismiss these extraordinary figures of the Elements and the Seasons as proto-Surrealist follies. Instead we should read them as carefully considered Imperial panegyric.

Whether one cares to subscribe to the view or not, the sheer invention and visual wit of these superbly executed canvases make those by Dahl crude in comparison. Much of the allegory of Rudolphine art and pageantry was indisputably conceived to glorify the House of Hapsburg. In its different way, so did Rudolph's private wunderkammer - so much more than a cabinet of curiosities. Certainly there are curiosities from the natural world - a large Seychelles nut, narwal and rhino horns, tortoiseshell, extraordinarily coloured and veined jasper (turquoise and scarlet), and large translucent shells. But they are superbly carved and crated into vessels that sensuously exploit the properties of the material, and are honoured with lavish mounts, or enriched with jewels, gold filigree or grotesquerie enamel. Here are magnificent examples worked by Anton Schweinberger, and Jan Vermyeyen, and precious hardstones by the Miseroni workshop.

Perhaps his greatest achievement is that it succeeds in conveying the distinct character of Rudolphine art. Rarely does one walk away from an exhibition with such a clear idea of period, place and style. Rarer still, given the norm of single-media shows, is that it reveals the rich cross-fertilisation between the fine and decorative arts. Rudolph's taste was nothing if not consistent: the thoughtful juxtapositions of sculpture and painting relate the treatment of subject and pose. A side view of Giambologna's bronze figure of Astronomy, for example, is placed alongside Spranger's painterly

'His was arguably the most dazzling Mannerist court of them all'

the popularity of such subjects as Hercules, Delaneira and Nessus, and the loves of the gods in general. (One shortcoming of the catalogue rather than of the show, is its failure to emphasise the influence of Italian Mannerist art.) Maximilian II had failed to lure Giambologna to the Imperial court; his son Rudolph was delighted to secure the services of his follower, Adrian de Vries. He and Spranger were to set the tone of Rudolphine art. One of the revelations of the

small-scale bronzes that were at their height of fashion. Another revelation is the work of de Vries' enigmatic predecessor Hans Mont, of whom so little survives. To him belongs the spectacular bronze fountain sculpture from Stockholm of Venus and Adonis. The figures seem to come to life as one walks around the piece. Rudolphine art is also coloured by the Durer revival of around 1600. If sculpture is the triumph of the show, drawings



Yvonne Kenny and Anthony Rolfe Johnson in Semele

Semele's visual voluptuousness

With some stretching of the imagination, Handel's Semele can just about be perceived as a "comic opera," chiefly on the strength of having a fairly ludicrous libretto by (mostly) Congreve. It was originally put on in 1744 as an oratorio, after Handel's Italian-opera seasons had run into the sand; and indeed it has only a few passages that might count as intentionally funny, though there is plenty of detached dramatic irony. Handel's old-fashioned notion of theatrical pacing not only accommodated a plethora of de capo arias but insisted upon them, which to modern tastes is as joke-choking as Edward Lear's penchant for ending American by repeat-

ing the rhyme-words from their first lines. There is no way around that awkward fact. There are, however, possible rescuees. Handel's 1982 production for the Royal Opera, revived for the first time last Thursday, takes the line of underlining (or subverting) the decorous score with voluptuous visual suggestions, both in the stage action and in Henry Bardou's opulent kitsch-baroque designs. The effect is occasionally sexy, and certainly very pretty, meanwhile we can enjoy Charles Mackerras's stylish account of the actual music. It all makes a classy Christmas entertainment: a somewhat silly thing to be doing, perhaps, but obviously fun to do.



Yvonne Kenny and Anthony Rolfe Johnson in Semele

Mackerras's treatment of the score is as crisp and pointed as one expects from him, and he contrives some soft, velvety textures too. The Royal Opera chorus take another fine last-minute arrival as Apollo (accompanied by a Bacchus who is got up as a Caravaggesque tease). David Murray, we had Linda Kitchen as Iris, pert and vivacious enough to compensate for indistinct words (and a bit of negligent pitch). The bass Peter Rose makes a solid, affable Father Cadmus - one was sorry that the part dwindles after the first act; another bass, Gwynne Howell, takes happily to his plump comic turn as Somnus, the god of sleep, whom he presents as a sort of giant soft toy. The counter-tenor Christopher Robson is upstanding as Semele's rejected fiancé, and Robin Leggate makes a ringing last-minute arrival as Apollo (accompanied by a Bacchus who is got up as a Caravaggesque tease). 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CHRISTMAS TV & RADIO

BOXING DAY

- BBC1**
- 7:00 Now It's Christmas The Muppet Babies.
 - 7:20 Champion the Wonder Horse
 - 7:45 Film: Dot and the Kangaroo Animated film about a little girl lost in the Australian outback and befriended by a kangaroo. (1977).
 - 9:00 Playbus.
 - 10:55 Five to Eleven.
 - 11:00 Rolf Harris: Cartoon Time.
 - 11:25 Film: The Black Stallion Returns A 1983 film about a boy who follows a kidnapped Arab stallion from America to North Africa.
 - 1:05 News: Weather.
 - 1:10 The World's Strongest Man The grunt and giant merchants compete for the title in Budapest and Tihany, Hungary.
 - 2:10 Film: Escape to Athens Wartime drama set on a Greek island occupied by the German forces. Starring David Niven, Roger Moore and Telly Savalas (1979).
 - 4:05 Disney Time introduced by David Essex.
 - 4:50 Final Score.
 - 5:05 News: weather.
 - 5:15 Out Of The Inkwell.
 - 5:20 Jim'll Fix It Jimmy Saville makes more dreams come true for children.
 - 6:00 A Question of Sport David Coleman hosts a festive edition of the sports quiz programme.
 - 6:30 The Paul Daniels Magic Christmas Show The popular magician and entertainer presents a seasonal special.
 - 7:20 Chivvystreet An 'EastEnders' special set in the Albert Square of 1942, giving a unique insight into the roots of the much-loved soap opera.
 - 8:20 Film: Beverly Hills Cop British premiere of the anarchously successful comedy thriller, starring Eddie Murphy as unorthodox Detroit cop, Axel Foley (1984).
 - 10:05 The Lenny Henry Christmas Special Lenny Henry's special, brand of comedy, with special guest, Mica Paris.
 - 10:45 News.
 - 10:55 Bruce and Ronnie in the Corbett and Forsyth Show. Special guest Fiona Fullerton.
 - 11:40 Film: Fiddler on the Roof Celebrated musical with famous songs galore. Topol plays Tevye, the poor milkman determined to find a good husband for each of his five daughters (1971).

- BBC2**
- 11:00 Film: Fort Apache with John Wayne and Henry Fonda (1948).
 - 1:05 Film: The Ladykillers Ealing comedy with Alec Guinness as the brains behind a group of robbers. (1955)
 - 2:35 A Christmas Celebration Cliff Richard and Selly Megunsson host a celebration of Christmas.
 - 3:20 Show reel 88 First of five programmes presenting some of the best entries from this year's amateur film and video competition.
 - 4:00 The Shape of the Nation Magical two-hour flight around the entire coastline of England, Scotland and Wales. Music by Britten and Vaughan Williams.
 - 6:00 Film: The Mad Max Falcon John Huston's classic version of the Dashiell Hammett story stars Humphrey Bogart as cynical detective Sam Spade (1941).
 - 7:40 Paradise animated film.
 - 7:55 Film: Otello Placido Domingo and Kiri Te Kanawa star in Franco Zeffirelli's stunningly visual production of Verdi's opera, filmed on location in Crete and Southern Italy (1986, Italian with English subtitles).
 - 9:55 News from Pleasantville The Story of Reader's Digest. "Bookmark" special charts the progress and influence of the most successful magazine in history.
 - 10:45 Film: Local Hero Gentle comedy about the woe caused when an American oil company moves into a Scottish coastal village to establish an oil-refining plant. Written and directed by Bill Forsyth (1983).
 - 12:35 Film: Don't Look Back Film-documentary made in 1965 following singer/songwriter Bob Dylan on a concert tour of Britain.



TUESDAY

- BBC1**
- 7:00 Now It's Christmas.
 - 7:25 Champion the Wonder Horse.
 - 7:50 Film: Around the World with Dot Santa comes to the aid of little girl Dot in this Australian animated feature film (1982).
 - 9:00 Barney.
 - 9:05 Tales of the Mouse Hockey League.
 - 9:30 Why Don't You...? A new five-part get-up-and-go series aimed at nine to 14-year-olds.
 - 10:00 Popeye.
 - 10:20 Peepys.
 - 10:30 Playbus.
 - 10:50 Paddington.
 - 10:55 Five to Eleven.
 - 11:00 Rolf Harris: Cartoon Time with Tom and Jerry, Betty Boop and Tweety Pie.
 - 11:30 Driving Force Mike Smith and Murray Walker present the Shell Trophy from snow-bound Isola 2000, France.
 - 12:30 Cartoon.
 - 12:40 News.
 - 12:45 Racing from Cheltenham.
 - 2:20 Holiday Quiz Celebrity teams test their knowledge of the top holiday regions.
 - 2:50 Film: The Heroes of Telemark Kirk Douglas and Richard Harris star in this 1955 adventure film, directed by Anthony Mann.
 - 3:00 News.
 - 5:10 Film: The Man in the Iron Mask Historical drama based on the story by Alexandre Dumas. Made in 1977, stars Richard Chamberlain, Patrick McGoohan, Jeremy Agutter.
 - 6:50 The Les Dennis Christmas Laughter Show The inimitable Dawson takes a look at the various perils of Christmas past and present.
 - 7:30 EastEnders Yet more drama in the London-based soap opera.
 - 8:00 Berganza Jim Berganza (John Nettles) finds himself on the plane to Spain and is soon at the centre of a gangland struggle in another episode in the detective series.
 - 9:35 News.
 - 9:50 Film: The Eagle Has Landed Michael Caine leads a band of German paratroopers who arrive in England determined to kidnap British Prime Minister Winston Churchill (1976).
 - 12:00 Film: The Wicked Lady Margaret Lockwood plays Lady Skelton, who turns to highway robbery after she becomes bored with her marriage to a country squire (1945).

- BBC2**
- 10:00 Film: Words and Music The Story of Rodgers and Hart, with Mickey Rooney, Gene Kelly (1948).
 - 12:00 Film: Passport to Pimlico Well-loved Ealing comedy, starring Margaret Rutherford and Stanley Holloway (1949).
 - 1:20 Cartoon.
 - 1:35 The Mind Machine The Violent Mind. Colin Blakemore uses eight extraordinary cases to map aspects of the brain that control how violence takes over.
 - 3:05 Show reel 88.
 - 3:45 Women of our Century Dame Flora Robson.
 - 4:25 The Phil at the Albert The BBC Philharmonic Orchestra play Mehler's Das Lied von der Erde, recorded at this year's Proms.
 - 5:30 Jack High Knockout Woolwich Master Bowls Tournament.
 - 6:00 The Children's Hospital A report on the changes in the Birmingham Children's Hospital.
 - 6:50 Film: The African Queen Humphrey Bogart won an Oscar for his role as drunken sea captain Cherlie Allnut in this dramatic film set in East Africa in 1914. With Katharine Hepburn.
 - 8:30 Mikhail Baryshnikov The Russian dancer presents his company, the American Ballet Theatre, in 'Duet' for six dancers.
 - 9:25 Nursery Crimes.
 - 9:35 Jack Lemmon in Long Day's Journey Into Night Jack Lemmon in Eugene O'Neill's autobiographical drama recording a tragic evening at his parents' summer home in New London, Connecticut, in 1912.
 - 12:30 Fleetwood Mac at 21.



Jack Lemmon, starring at 9.35, BBC2

BOXING DAY

Tune in for the movie marathon

By CHRISTOPHER DUNKLEY

Today's schedules are jam-packed with movies. There is just one production masquerading under false colours: the so-called "Movie Premiere" on ITV at 10.15 is actually a screening of a three-year-old American television drama, but leaving that aside there are still 18 pieces of genuine cinema production spread across the four channels.

They start as early as 7.45 when BBC1 shows an animated feature called *Dot And The Kangaroo*, a shrewd move which may save nerves and even the very existence of the family in households containing young children; and they go on until 3.45am, when ITV presents *Red Skelton in Whistling In Dixie*.

Ten other works, of widely varying quality, are worthy of note for one reason or another: *Fort Apache* (11.00 am BBC2), the first of Henry Ford's cavalry trilogy. Made in 1948 it casts Henry Fonda against type as a strict commanding officer. The men under him include John Wayne.

The *Ladykillers* (1.05 pm BBC2), an Ealing comedy but not as good as its popular reputation suggests. Some of the acting is remarkably serious. Cecil Parker etc is impressive, but the plotting is slow and contrived even for that date (1955).

Octopussy (3.40 pm ITV). The mandatory Christmas James Bond movie, overlong (2hr 11 min) and, as Leslie Halliwell says, "A tedious way of passing the time." Halliwell used to be ITV's chief buyer.

The *Maltese Falcon* (6.00 pm BBC2). A splendid thriller, supremely well cast (Bogart as Sam Spade, Greenstreet, Lorré etc as crooks) and photographed with dark brilliance by Arthur Edson.

Otello (7.55 pm BBC2). Zeffirelli's 1986 production with Domingo in the title rôle and Katia Ricciarelli as Desdemona. Shot on location in Crete and southern Italy, with the orchestra and chorus of La Scala.

Beverly Hills Cop (8.20 pm BBC1). A "TV version," specially re-edited by star Eddie Murphy with all the "many" sweeter words taken out.

Ginger and Fred (9.00 pm CA). Fellini's satire about degenerated television, using a couple of has-beens who used to imitate Astaire and Rogers as their main foils. Marcello Mastroianni and Giulietta Masina were much admired in the central rôle.

Local Hero (10.45 pm BBC2). Another over-rated British comedy, made in 1983 by Bill Forsyth. A "quirky" or "off beat" look at the differences between American and Scottish manners, it goes on much too long.

Fiddler on the Roof (11.40 pm BBC1) is even longer: three hours. Topol, who played the part of the Jewish milkman in the London production of this musical, is also given the part in the film. Quite pleasant location shooting.

Don't Look Back (12.35 am BBC2). Has become one of the stock documents of the 1960s. D.A. Pennebaker followed Bob Dylan on his 1965 British concert tour and recorded some very pseudish interviews with him. However, you do see Dylan perform *The Times They Are A-Changin'*, *Don't Think Twice* and others.

Most interesting programme of the day promises to be *The Shape of the Nation* (4.00 BBC2) in which the film shot from an aeroplane showing the entire length of the British coastline and originally used for "Round Britain Whizz" on QED in 1986 is shown at a lower speed, with commentary, products worth seeking out are:

Passport to Pimlico (12.00 pm BBC2). Gentle little post-war comedy from Ealing in which a London borough makes a unilateral declaration of independence.

Shame (12.40 ITV). Longish and remarkably serious Western. Not the first to feature the mysterious stranger who defends the persecuted home-stealers, but one of the best.

The African Queen (6.50 BBC2). A rare classic which achieves a true combination: good comedy, true romance (clébré fully intended) and real adventure, as Bogart and Hepburn haul the little boat through the perils of the jungle.

Remembering Marilyn (7.00 ITV). Not a movie, but a treat (one hopes) for all cinema fans: a tribute to Monroe, including newsreel and movie footage never previously released.

The Hound of the Baskervilles (10.15 ITV). One of the few versions I have not seen, but this 1963 British production must surely be worth a look solely on the strength of its cast: an Richardson plays Holmes, Denholm Elliott is Dr. Mortimer, and Eleanor Bron appears as Mrs Barrymore.

The Wicked Lady (BBC1 12.00 midnight). Almost impossible today to understand how, in 1945, this yarn, about a high-born lady taking to a life of crime with a highwayman, could have caused such a minor scandal. The whole silly business seems to have rested on the low cut of Margaret Lockwood's dresses.

Fury (12.40 CA). Fritz Lang's 1936 story about small-mindedness in a small town, where the mob make a traveller for a murderer, was seminal. The theme is still a favourite today. Spencer Tracy plays the persecuted man.

ITV/LONDON

- 5:00 Dave Dee and Friends Christmas Boat Club.
- 6:00 TV-am.
- 9:25 The Sooty Christmas Show.
- 9:50 Disney at Christmas: Mickey's Christmas Carol A cartoon version of the classic Charles Dickens ghost story for Christmas.
- 10:20 Disney at Christmas: Davy Crockett and the River Pirates
- 12:00 What's My Line?
- 12:30 ITN News.
- 12:35 Film: The Sea Wolves War drama starring Gregory Peck, Roger Moore and David Niven.
- 2:40 Wish You Were Here...? Judith Chalmers, Annela Rice and John Carter introduce some highlights of their globe-trotting year.
- 3:40 The James Bond film: Octopussy starring Roger Moore as 007, who uncovers a plot to blow up an American Air Force base.
- 5:00 ITN News and Sports Results.
- 5:15 The James Bond film: Octopussy Continued.
- 6:15 Strike It Lucky, with Michael Barrymore.
- 7:00 The Krypton Factor Grand Final.
- 7:30 Coronation Street.
- 8:00 Minder Dennis Waterman and George Cole in An Officer and a Car Salesman, a special 90-minute adventure.
- 9:30 After Henry: A Quiet Christmas, with Prunella Scales, Joan Sanderson, Janine Wood.
- 10:00 ITN News.
- 10:15 Movie Premiere: Blackout A mystery thriller about a retired detective's obsessive search for a
- 12:00 Barcelona - A Musical Extravaganza Rock meets opera in a magnificent outdoor setting as Barcelona starts the celebrations which will lead up to the 1992 Olympic Games.
- 1:00 Film: Ten starring Dudley Moore, Julie Andrews, Bo Derek (1979).
- 3:15 WKRP in Cincinnati Loni Anderson in 'Jannet's Home for Christmas'.
- 3:35 Film: Whistling in Dixie with Red Skelton and Ann Rutherford (1942).

CHANNEL 4

- 8:30 Sesame Street.
- 10:30 Race Against the Wind Six young people sail the Pacific coast of Canada.
- 11:30 Street Hockey
- 12:00 Stone Monkey Portrait of a Rock Climber Award-winning documentary on British rock climber Johnny Dawes.
- 12:30 Channel 4 Racing Kempton Park.
- 3:15 Anne of Green Gables (part 1) Kevin Sullivan's adaptation of L.M. Montgomery's classic novel, with Megan Follows and Richard Fernsworth.
- 5:05 Cricket The Women's World Cup Final.
- 6:00 Faerie Tale Theatre Repunzel, starring Jeff Bridges, Gene Rowlands and Shelley Duvall.
- 7:30 News.
- 7:35 Caught in the Act A look at Kenneth Branagh and David Perfit's recently formed Renaissance Theatre Company.
- 8:00 Cheers: Christmas Cheers.
- 8:30 Brookside.
- 9:00 Film: Ginger and Fred Federico Fellini's satire on degenerated Italian television focusing on the reunion of one-time Astaire-Rogers dance impersonators, played by Giulietta Masina and Marcello Mastroianni (1966).
- 11:25 Le Tasseau Suspendant French opera star Helene Delavault evokes the cabarets of the turn-of-the-century.
- 12:25 Film: The Return of Frank James Continuing the Fritz Lang season is this sequel to Jesse James, again starring Henry Fonda (1940).



Roger Moore, Maude Adams in Octopussy

ITV/LONDON

- 6:00 TV-am.
- 8:25 T-Bag's Christmas Cracker.
- 9:30 Disney at Christmas: The Miracle of the White Swan The story of the rescue of the Spanish Riding School's Lipizzan horses during the Second World War.
- 12:00 Mr & Mrs
- 12:30 ITN News.
- 12:40 Film: Shame Famous Western starring Alan Ladd, Jean Arthur, Van Heflin. A mysterious stranger helps a family of homesteaders in Wyoming, 1890.
- 2:50 The Match Live football action from the Norwich City v West Ham United game.
- 4:55 ITN News.
- 5:30 Run the Gauntlet Christmas Special A host of showbiz and sporting personalities tackle a daunting series of adventure games.
- 6:00 With Hilarious Consequences Denis Norden looks back over 21 years of situation comedy from Thames Television.
- 7:30 Prove It Ordinary people with extraordinary talents.
- 8:00 The B11 Trouble in store when skilful workers unearth a skeleton.
- 8:30 Executive Stress Starring Penelope Keith, Peter Bowles.
- 9:00 Boon One Reborn Every Minute.
- 10:00 ITN News.
- 10:15 Movie Premiere: The Hound of the Baskervilles with Ian Richardson, Denholm Elliott, Holmes and Watson investigate the death of Sir Charles Baskerville, who is found dead surrounded by the paw prints of a gigantic hound.
- 12:10 Time Turner - Break Every Rule Filmed record of an outstanding concert at Wembley.
- 1:15 Film: Battlefield starring Simon Ward, Peter Cushing. Aristocratic young Austrian Cadet-officer finds both maturity and disillusionment during the final days of the First World War.
- 3:30 The All-Time Christmas Top Ten.
- 4:30 Fifty Years On A look back to what was making the headlines in 1938.

CHANNEL 4

- 8:30 Sesame Street.
- 10:30 Transatlantic.
- 11:30 Street Hockey
- 12:00 Rowing Westminster Serpentine Regatta. Hyde Park hosts a real festival of rowing.
- 12:30 Channel 4 Racing from Kempton Park.
- 2:45 On the Twelfth Day A George K Arthur short film presenting a balletic interpretation of the song about the twelve days of Christmas.
- 3:10 Anne of Green Gables This second episode concludes yesterday's Canadian adaptation of L.M. Montgomery's classic novel.
- 5:00 American Football Mick Luckhurst with this weekend's games.
- 6:00 Faerie Tale Theatre Piped Piper of Hamelin. Eric Idle stars in this version of Robert Browning's famous poem.
- 7:00 Channel 4 News.
- 7:05 Remembering Marilyn Lee Remick narrates this tribute to Marilyn Monroe which includes previously unseen newsreel and film footage. The Cooby Show Mr Quiet.
- 8:00 Brookside.
- 9:00 Othello This controversial multi-racial Johannesburg production of Shakespeare's Othello marks the directorial debut of actress Janet Suzman and stars black actor John Kani in the title rôle opposite white actress Joanna Weinberg as Desdemona.
- 12:40 Film: Fury Continuing the Fritz Lang season Spencer Tracy stars in his classic indictment of mob violence in the US (1936).



Remembering Marilyn, 7.05, Channel 4

BOXING DAY

- RADIO 2**
- 6:00 am 888 Remembrance, 7:00 Chris Stuart, 8:00 Ken Bruce, 11:00 Adrian Love, 12:00 pm Barbara Dickson, 2:00 Debbie Greenwood, 3:00 Radio 2 News, 4:00 The Big Band Show, 5:00 The Big Band Show, 6:00 The Big Band Show, 7:00 The Big Band Show, 8:00 The Big Band Show, 9:00 The Big Band Show, 10:00 The Big Band Show, 11:00 The Big Band Show, 12:00 The Big Band Show.
- RADIO 3**
- 7:00 am Christmas Oratorio, 7:30 News, 7:55 Morning Concert, 8:30 Vivid, 9:00 The Music of Schubert, 10:00 The Music of Schubert, 11:00 The Music of Schubert, 12:00 The Music of Schubert, 1:00 The Music of Schubert, 2:00 The Music of Schubert, 3:00 The Music of Schubert, 4:00 The Music of Schubert, 5:00 The Music of Schubert, 6:00 The Music of Schubert, 7:00 The Music of Schubert, 8:00 The Music of Schubert, 9:00 The Music of Schubert, 10:00 The Music of Schubert, 11:00 The Music of Schubert, 12:00 The Music of Schubert.

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SPORT

Brave new world . . . or grave new world?

John Barrett looks back on the triumphs and frustrations of 1988 and poses a question for the world's top players

IT IS time, once again, to describe my own version of the annual tennis rankings exercise as a discussion on religion or politics. What a year it was. Among the women Steffi Graf was first, the rest nowhere, as she swept imperiously to the first grand slam in women's tennis since Margaret Court, who won the four major championships in 1970. When the 19-year-old West German added Olympic gold, she was doing something that no-one had achieved before.

In the men's game the quiet Swede, Mats Wilander, was almost as dominant with a third win at each of the Australian and French Opens, plus a first success in the US Open, a title that even the mighty Bjorn Borg never won despite four appearances in the final. Another Swede, Stefan Edberg, claimed a first Wimbledon crown as well as two other titles but then, like Wilander, suffered some frustrating injuries that ruined the rest of his season.

Judged by his own high standards, Ivan Lendl had a poor year. Successes in Monte Carlo, Rome and Toronto hardly compensated for the loss of his French and US titles to Wilander. However, the Czech's admirable consistency in the majors - a finalist in New York, a semi-finalist in Melbourne and at Wimbledon, a quarter-finalist in Paris - gives him the edge over the Wimbledon finalist, Boris Becker.

True, the 21-year-old German did win six tournaments in 1988, including the climactic Nabisco Masters where Lendl (fully restored after shoulder surgery in September) was his victim in the best final of the year. But Boris did not play in Australia, faltered in Paris and injured in New York, where his felled feet forced him to rest.

Andre Agassi, the most improved player of the year (up from 25 to three on the ATP computer), nevertheless scored most of his successes in the backwaters of the game, in winning six tournaments he beat only one Top Ten player (Leconte), though he did well to reach the semi-finals of the US Open via victories over the brightest newcomer of the year, Michael Chang (up from 163 to 30), and the ageless Jimmy Connors.

Of the rest, Tim Mayotte won four tournaments, and reached the last eight at Wimbledon; Miodrej Mescir failed to win a title (he was in two finals) but reached the Wimbledon semi-finals after beating Wilander; Pat Cash played gloriously in defeat in the Australian final after eliminating Lendl in the year's harvest win, and then overtook the half of the year on the sidelines, injured, and Henri Leconte reached the French final and won in Nice and Brussels.

Other accolades for 1988 go to Jacob Hlasek, the Czech-born Swiss national who after a serious motor accident in January finished his half-year with a flourish, and to Emilio Sanchez of Spain. Two tournament wins from five finals and a semi-final finish at the Masters left Hlasek at No. 6 on the ATP computer, a commendable effort. Sanchez won 10 doubles titles during the year, eight of them with Sergio Casal, who was his partner when they claimed the US Open by default from the Australian champions, Jim Furgis and a sick Rick Leach. These fine young Americans win the title of unluckiest players of the year.

Sebastian's year ended gloriously in New York with a first success at the Virginia Slims championships. It was only the fourth victory of the year for the talented 18-year-old but those two wins over Graf, plus a run to the final at Flushing Meadows and a semi-final finish in Paris, place her ahead of Navratilova, despite Martina's nine tournament wins. The Dallas-based left-hander is thus out of the top two for the first time since 1981.

I WAS chatting idly with Rod Davis, runner-up in the world match-racing championship, when Chris Dickson approached. The talk was of families, rather than sailing, with not a note-book in sight. "You were beaten out there, Davis, stop whinging to the press," snarled Dickson as he passed. Exclaimed Davis, the quintessential laconic Californian: "Can you wonder I don't like the guy?"

Adjectives like ruthless and arrogant fit Dickson like bespoke oilskins. His nickname on the match-racing circuit is "the U-boat commander." You can't help feeling that if his ice-blue eyes had been staring down a periscope, there might have been even fewer survivors among Allied shipping.

Dickson's conquest of the inaugural world match-racing championship held off Perth, Western Australia, earlier this month, was complete. From the earliest heats of the five-day event to the final against Davis, the chilly Kiwi lost not a single race on the water. (He did throw one match by aban-

doning a three-minute lead over American Billy Lynn, but Dickson had his own strategic reasons for that decision.) Along the way he torpedoed the hopes of such champion sailors as Peter Gilmour of Australia, Britain's Edward Warden Owen and Dennis Conner's lieutenant, Peter Isler. Every spectator and media commentator was irresistibly reminded of the America's Cup drama at the same venue two years ago.

As the skipper of K27, the "plastic fantastic" 12-metre yacht from New Zealand, Dickson went nearly 40 races without defeat in the early rounds of the Cup. Until he met the hard rock of Dennis Conner, he seemed unbeatable. Twenty-four months later, on the same course, he was. Dickson's starts were aggressive and faultless. On one occasion he seemed to be uncharacteristically hanging back, giving his opponent room to cross and do a 270-degree penalty turn for a pre-start infringement. As the rival yacht came out of the turn Dickson powered his boat up on right-of-way starboard tack and aimed right at the American helmsman. By the time Conner on the other boat had settled, Dickson had a 100-yard lead.

In the semi-finals Dickson was drawn against Peter Gilmour, at 28 only one year older but also an America's Cup veteran. Gilmour led the rankings on the 1987 match racing circuit but Dickson announced his own intentions early in the year. "Gilmour's had it his own way but 1988 is going to be my season," he said. So it proved. Gilmour, newly married and now in his third year on the circuit, sailed wearily and without inspiration. "He lost it on his own mistakes. He even touched the bottom mark in the last race," crowed Dickson.

Davis, who emigrated to New Zealand last year and now acts as sailing master for yachtman-financier Michael Fay, defeated Warden Owen in the other semi-final to make it an all-Kiwi finale. In perfect sailing conditions, it produced two of the finest match races ever seen. The yachts were seldom more than a length apart and travelling at high speed in the 15-knot breeze.

Dickson won the first bout of the best-of-three sequence. In the second, Davis squeezed between Dickson and the first weather mark to establish a three-second lead that he battled to defend for the remainder of the race. On the final down-wind leg the incredible happened. About 200 yards before the mark Dickson managed to coax a fraction extra from his spinnaker and surfed round the outside of Davis, using the high Indian Ocean swell to push his boat along. Davis claimed that an overlap still existed just prior to the buoy, entitling him to the inside track. The on-the-water judges, led by Englishman Brian Willis, were doubtful and gave the call to Dickson.

CHRISTMAS CROSSWORD

Prizes of £25 each will be given for the first ten correct solutions opened. Solutions to be received by Wednesday January 4, marked Christmas Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday January 7.

Crossword puzzle grid with clues and solutions. Clues include: 2 All quiet in the reservoir (4), 5 Deciders cause hurt, in short (4), 7 (5), 8 River tortoise has no wrong (4), 9 (4), 10 Endless way of defeat (4), 11 Revolutionary moves on horse and snow (7), 12 River, of course (4), 14 Jelly fish? (4), 16 Emperor's amplifier cut short with a note (5), 17 (5), 18 (5), 21 Disturbance of one in decay (4), 22 (7), 25 A lake in another land (5), 27 Game htd? (4), 29 Rule backed by Ford's name (4), 31 Destroy as a boy if it's place is wrong (10), 35, 41 (8,4), 37 Some evil-smelling French saint (4), 39 (5), 41 Set 35, 42 (6), 44 (7), 45 Provided fast (4), 46 Papuan blank clue puts family first (4), 49 Last, last turn about (6), 50 (5), 52 Related to Little Lord (4), 54 Bons of beautiful nature (4), 56 Lamb in Greece (4), 58 (6), 62 (9), 64 Dogs have days in which they get trimmed (6), 66 Eastern spider (not Northern) has trouble with listener (7), 69 Common bit supporting skiffint is no dogmatist (11), 70 (7), 72 German boy needs final change for Chinese dish (9), 73 Non-walter turns to gold on paper (6), 74 Clairvoyant include names from marsh (5), 75 Taking care to go right in road (4). Solutions include: 2 All quiet in the reservoir (4) - QUIET, 5 Deciders cause hurt, in short (4) - HURT, 7 (5) - RIVER, 8 River tortoise has no wrong (4) - TORTOISE, 9 (4) - WAY, 10 Endless way of defeat (4) - DEFEAT, 11 Revolutionary moves on horse and snow (7) - MOVES, 12 River, of course (4) - RIVER, 14 Jelly fish? (4) - JELLY, 16 Emperor's amplifier cut short with a note (5) - NOTE, 17 (5) - REVOLUTION, 18 (5) - HONEY, 21 Disturbance of one in decay (4) - DECAY, 22 (7) - MOVES, 25 A lake in another land (5) - LAKE, 27 Game htd? (4) - HIDE, 29 Rule backed by Ford's name (4) - FORD, 31 Destroy as a boy if it's place is wrong (10) - BOY, 35, 41 (8,4) - SPIDER, 37 Some evil-smelling French saint (4) - SAINT, 39 (5) - SET, 41 Set 35, 42 (6) - SET, 44 (7) - PROVIDED, 45 Provided fast (4) - FAST, 46 Papuan blank clue puts family first (4) - FAMILY, 49 Last, last turn about (6) - LAST, 50 (5) - RELATED, 52 Related to Little Lord (4) - LORD, 54 Bons of beautiful nature (4) - BON, 56 Lamb in Greece (4) - LAMB, 58 (6) - COMMON, 62 (9) - DOGS, 64 Dogs have days in which they get trimmed (6) - DOGS, 66 Eastern spider (not Northern) has trouble with listener (7) - SPIDER, 69 Common bit supporting skiffint is no dogmatist (11) - SKIFF, 70 (7) - GERMAN, 72 German boy needs final change for Chinese dish (9) - BOY, 73 Non-walter turns to gold on paper (6) - WALTER, 74 Clairvoyant include names from marsh (5) - CLAIRVOYANT, 75 Taking care to go right in road (4) - ROAD.

The unclued lights are all of a kind and are to be inserted in what is approximately their appropriate place in the diagram.

CINEPHILE'S PROJECTION. 4 Spear a fish? (4), 5 Off-white woolly - that's rich! (6,5), 6 (5), 7 Strike pink? (5), 11 Volume I should receive? (4), 12 (5), 15 Keen on corporal punishment - it's souped up (3,3), 18 Ruminant gives authority to a relation (5), 19 Fatally funny? (7), 20 Went on bike or boat (say) in place of car (4), 23 Tongue with out review, so to speak (8), 24 Feed one's face and hurry! (4), 26 Victim of a bellicose act (4), 28 Sapper no. 1050 in family from region of down (7), 29 Conductor of wind? (4), 30 Pharaoh's whim - about turn (4), 32 Top dog? (4), 33 (6), 34 Record end of race (4), 36 Journey of an outre knd (4).

Solution to Puzzle No. 6,819. 1 ANTOINETTE, 2 ACHILLE, 3 VICTOR, 4 SPOON, 5 WOOLLY, 6 RICH, 7 PINK, 8 RIVER, 9 TORTOISE, 10 DEFEAT, 11 MOVES, 12 RIVER, 13 JELLY, 14 NOTE, 15 REVOLUTION, 16 HONEY, 17 MOVES, 18 DECAY, 19 LAKE, 20 HIDE, 21 FORD, 22 BOY, 23 SPIDER, 24 SAINT, 25 SET, 26 PROVIDED, 27 FAST, 28 FAMILY, 29 LAST, 30 RELATED, 31 LORD, 32 BON, 33 LAMB, 34 COMMON, 35 DOGS, 36 SPIDER, 37 SKIFF, 38 GERMAN, 39 BOY, 40 WALTER, 41 CLAIRVOYANT, 42 ROAD.

Match racing's U-boat commander

Keith Wheatley meets Chris Dickson, a ruthless and aggressive yachtsman

designers to build the yachts." The new yachts will be about 72 ft long, 25 per cent bigger than a 12-metre on the waterline and with about one-third more sail area. Since the design weight is only 61 per cent that of a 65,000 lb 12-metre, the new yachts will be considerably faster on and off the wind. "A real handful," as Dennis Conner commented when he saw the design. Twenty-five challengers have now been accepted by the San Diego Yacht Club. Five come from Britain, the most credible and best-financed being the Blue Arrow challenge, headed by Peter De Savary. The most surprising challenge is from the Russian sailors, with Kremling blessing the Estonian Trade Association has announced a bid and will welcome western sponsors. Conner has already been to the Baltic to discuss their plans. The fly in the ointment is still the pending court case between Michael Fay and the San Diego Yacht Club. Both sides have submitted their arguments to Mrs Justice Garmen's Beauchamp Ciparick of the New York Supreme Court and a decision is expected in the New Year. Cyprus are sailing to catch a thief" approach has worked. "Usually the rule is there and the designers then try to work out the loopholes, but we have approached it from the other direction," said class technical director Ken McAlpine. "It is now up to the

Christmas - a universal festival

Continued from FI Every night for twelve nights the ashes were scattered over the fields to make them fertile, and the charred remains of the log were sometimes put under the bed until the following Christmas to keep the house safe from fire and lightning. In the 17th century Herrick writes that the custom in England was to light the Yule log with a piece from last year's log, and the Yule candle - a candle of unusual size - was also saved from year to year. The rule for Christmas decorations is that they should not, properly, be put up until Christmas Eve and should be taken down by January 6 - or else it is "bad luck." But why are these 12 days so special? In the Christian calendar, they mark the time from Christmas to the Feast of the Epiphany, which commemorates three events - the adoration of the Magi, the Baptism of Christ by St John, and the first miracle, the transformation of water into wine at the wedding feast in Cana. In the Christian story, these days constitute a sacred time between divine incarnation and the manifestation of Christ to the world, and so would seem to have a completeness entirely on their own terms. But this time has a unique meaning in other cultures too. January 6 was the day that ended the Roman festival at the solstice called the Saturnalia. This carnival of merry-making and license, celebrating the good old days when Saturn ruled the earth, was characterised by a suspension of normal codes of behaviour, as though these days did not count. "In particular, the social orders were inverted, so that masters waited on their slaves at table, and a mock king was chosen from among the people and ruled while the real king was absent. This inversion was also a central feature of new year festivals in Greece (festival of Chronos) and Mesopotamia (festival of Saccas). In folklore, extending from the Highlands of Scotland through the Celts to the Ary-



ans of the Vedic Age in India, the 12 days at the beginning of the new year (whenever it was celebrated) were conceived as a microcosm of the whole year, each day corresponding to each of the twelve months, such that the character, and even the weather, of the months to come could be foretold. This idea becomes clear when we calculate the discrepancy between the lunar and the solar year (a matter of greater moment to those who lived closer to the seasons than ourselves). Since the lunar year of 354 days falls short of the solar year of 365 and a quarter days, the way to reconcile them is to add a day to the lunar year. But these intercalated days would have been days, as it were, out of time - sacred time - in which fixed roles and habits of conduct could be happily disregarded so that new energies might break through. (More secularly, consider the comic reversal of character in Malvolio's yellow stockings and crossed garters in Twelfth Night). The festive night, in all these traditions, was the sacred interval of time: the revels ended, the last fires were extinguished, the festive displays were put away for next year, and the new year began. Yet even now the silver coin - sometimes it is a bean hidden in one Christmas pudding or cake keeps these old customs alive, whether we have heard of them or not. In England and many other places in Europe, a cake used to be baked for twelfth night containing a bean or a coin, and the child who found the bean in his or her portion became the King or Queen of the Bean. Now, it so happens that on the twelfth night of the Saturnalia the Roman children drew lots with beans to see who would be king for the night, though this game may have had a more sinister precedent in the ritual sacrifice of the substitute King of the Saturnalia, which was thought to allow the fertility embodied in the real king to be renewed. Certainly, an ass decked with holly, Saturn's plant, was sacrificed with this intention. He looks like Wotan from German, who also flew through